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WEIGHING MACHINERY AND SCALES FROM JAPAN

COMPLETED

Determination of No Material Injury or Threat Thereof in Investigation No. 701-TA-7 (Final) Under Section 705(b) of the Tariff Act of 1930, Together With the Information Obtained in the Investigation

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I

UNITED STATES INTERNATIONAL TRADE COMMISSION

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Note.--Information which would disclose confidential operations of individual concerns may not be published and therefore has been deleted from this report. Deletions are indicated by asterisks.

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, D.C.

Investigation No. 701-TA-7 (Final)

WEIGHING MACHINERY AND SCALES FROM JAPAN

Determination

On the basis of the record 1/ in investigation No. 701-TA-7 (Final), the Commission unanimously determined, pursuant to section 705(b) of the Tariff Act of 1930 (19 U.S.C. 1671d(b)), that an industry in the United States is not materially injured or threatened with material injury, and that the establishment of an industry in the United States is not materially retarded, by reason of imports of certain weighing machinery and scales (provided for in items 662.26 and 662.30 of the Tariff Schedules of the United States) from Japan upon which the administering authority determined that subsidies are being paid by the Government of Japan.

Background

On January 7, 1980, the United States International Trade Commission received notice from the Department of Commerce that a preliminary affirmative determination, but no final determination, had been issued in connection with its countervailing duty investigation concerning weighing machinery and scales from Japan. The Commission instituted, effective January 1, 1980, investigation No. 701-TA-7 (Final) under section 705(b) of the Tariff Act of 1930 to determine whether an industry in the United States is materially injured, or is threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of imports of the merchandise which is the

1/ The "record" is defined in sec. 207.2(j) of the Commission's Rules of Practice and Procedure (19 CFR 207.2(j)).

subject of the investigation by the Department of Commerce (the administering authority). On March 20, 1980, the Commission received notification from the Department of Commerce of its final determination that the Government of Japan has given benefits which constitute subsidies within the meaning of the countervailing duty law on the manufacture, production, or exportation of certain scales and weighing machinery.

Notice of the institution of the Commission's investigation and of a public hearing to be held in connection therewith was duly given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, D.C., and at the Commission's office in New York City, and by publishing the notice in the Federal Register of January 19, 1980 (45 F.R. 3400). The hearing was held in Washington, D.C., on April 14, 1980; all persons requesting the opportunity were permitted to appear in person or by counsel.

STATEMENT OF REASONS OF CHAIRMAN CATHERINE BEDELL AND COMMISSIONERS GEORGE M. MOORE AND PAULA STERN

On the basis of the record developed in this investigation, we determine, pursuant to section 705(b) of the Tariff Act of 1930 (19 U.S.C. 1671d(b)), that an industry in the United States is not materially injured or threatened with material injury, and that the establishment of an industry in the United States is not materially retarded, 1/ by reason of imports of weighing machinery and scales, provided for in item Nos. 662.26 and 662.30 of the Tariff Schedules of the United States (TSUS), from Japan, with respect to which the Department of Commerce has determined that subsidies are being provided. 2/ 3/

The domestic industry

The petition and the final affirmative subsidy determination by the administering authority encompass all weighing machinery and scales provided for under TSUS items 662.26 and 662.30. Section 771(4)(A) of the Tariff Act of 1930 (19 U.S.C. 1677)("the Act") defines the term industry to mean the domestic producers of a "like product" which in turn is defined in section 771(10) as "a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation under this title." Section 771(4)(D) further provides:

1/ Since there is an established domestic electronic digital deli and counting scale industry, the question of material retardation of the establishment of an industry is not at issue.

2/ The Department of Commerce has determined, based on the best information available and until further notice, that the net amount of the subsidies provided on all weighing machinery and scales from Japan, imported under TSUS Nos. 662.26 and 662.30 is estimated to be 4 percent of the f.o.b. value of the merchandise imported from Japan. See Commission Report in Investigation No. 701-TA-7 (Final) (Report), p. A-50.

3/ Commissioner Stern concurs in the Findings of Fact as stated in the Views of Vice-Chairman Alberger.

> (D) Product Lines.--The effect of subsidized or dumped imports shall be assessed in relation to the United States production of a like product if available data permit the separate identification of production in terms of such criteria as the production process or the producer's profits. If the domestic production of the like product has no separate identity in terms of such criteria, then the effect of the subsidized or dumped imports shall be assessed by the examination of the production of the narrowest group or range of products, which includes a like product, for which the necessary information can be provided.

Thus, in making a final injury determination pursuant to section 705(b) the Commission must identify the domestic producers of merchandise like the articles being imported and then assess the impact of such imports in relation to the production of a like product, or, if this is not possible, then the effect of the imports must be assessed in relation to the nearest group or range of products which includes a like product, for which the necessary information can be provided.

During 1977-79, more than 90 percent of the total value of U.S. imports of electronic digital scales from Japan consisted of delicatessen ("deli") scales. 4/ In addition, in a letter dated March 10, 1980, in testimony at the hearing before the Commission, and in its prehearing statement and posthearing brief, the petitioner requested that the Commission limit its investigation to electronic digital deli scales only. 5/ Although the record contains a significant quantum of data concerning electronic digital deli scales, not all domestic producers of such scales have separate production processes, nor do they maintain separate profit and loss records, and other key data for the deli scale segment of their operations. Consequently there is insufficient data to permit us to identify separately the domestic production of the electronic digital deli scales in terms of the statutory criteria. For this reason, pursuant to section 771(4)(D), we have assessed the impact of

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4/ Report at p. A-8.

5/ Transcript of the Proceedings at p. 9; Petitioner's Prehearing Statement at pp. 2, 4; Petitioner's Posthearing Brief at pp. 1-3.

subsidized imports of deli and counting scales on the narrowest group of products which include the products like the imported products. In this case the narrowest group of products is electronic digital counting and deli scales.

There are currently 15 known domestic producers of such scales. Only the petitioner, Reliance Electric Co., Toledo Scale Division, and two other producers manufacture both types of scales. 6/

The question of material injury

With respect to the question of material injury to the domestic industry or the likelihood thereof, the Commission is directed by section 771 of the Act to consider, among other factors, the volume of imports of the merchandise subject to the investigation, the price effects of such imports and the impact of such imports on the affected U.S. industry. 7/

The volume of subsidized imports.--U.S. imports of electronic digital deli scales from Japan increased from 1977 levels to 2,852 units in 1978 and 7,607 units in 1979. Imports of electronic digital counting scales also increased from 1978 to 1979; no imports of such scales from Japan were reported in 1977. 8/

The ratio of imports of electronic digital deli scales from Japan (including those subsequently reexported) to domestic production of such scales (excluding production by Hobart Corp. ("Hobart") and Electronic Scales

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6/ Report at p. A-6.

7/ The Commission obtains from various sources the information necessary for its analysis of the impact of imports on the domestic industry. A primary source is always the responses of the domestic industry and importers to questionnaires prepared by the Commission's staff. In this investigation two major producers of deli scales (Hobart and ESI) did not respond to the questionnaire. Evidence available to the Commission indicates that the two firms account for half of the aggregate U.S. production of deli scales and one is the industry price leader. Pursuant to section 776(b) of the Tariff Act of 1930 (19 USC 1677e) we have used the best information available in making our determination.

8/ Report at p. A-8.

International ("ESI"), the two major producers not responding to the Commission's questionnaires) declined slightly from 1977 to 1978, then rose substantially in 1979. 9/ If data were available for annual production by Hobart and ESI, the ratio of imports to domestic production would be substantially lower. While it is clear that there has been an increase in imports in absolute terms, it is unclear whether imports have increased relative to total domestic production or consumption of electronic digital deli scales in light of the absence of data on two major producers. The ratio of imports of electronic digital counting scales to domestic production of such scales increased slighty from 1978 to 1979. 10/

Price effects of subsidized imports.--Prices of domestic and imported electronic digital deli and counting scales declined during 1977-79. 11/ The general decline in prices of such scales resulted mainly from technological developments, improved productivity, and from reductions in prices of electronic components for those scales. 12/ This decline is characteristic of price trends for products which contain substantial electronic components.

For 30-pound capacity electronic digital deli scales sold to distributors (the largest selling scales for which price data were gathered by the Commission's questionnaires), weighted average prices received by domestic producers were generally lower than prices received by importers of Japanese-made scales during 1978-79. 13/ The available evidence indicates that one major domestic producer generally undersells other domestic producers

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9/ Id., at pp. A-8 and A-9.
10/ Id.
11/ Id., at pp. A-12 and A-22 through A-26, tables 4-10.
12/ Id., at p. A-22.
13/ Id., at pp. A-24 and A-25.

and importers by a large margin. 14/ The only importer of Japanese-made electronic digital counting scales selling to distributors received higher prices in 1979 than those received by U.S. producers of such scales. 15/

Based on information supplied by firms responding to the Commission's questionnaires, U.S. production of electronic digital deli scales more than doubled from 1977 levels to 18,315 units in 1979; production of electronic digital counting scales increased from 2,451 units in 1977 to 7,431 units in 1979. 16/ Reported domestic shipments of U.S.-made electronic digital deli scales more than doubled from 1977 to 1979, and reached 10,616 units (valued at $10 million) in the latter year. Domestic shipments of U.S.-made electronic digital counting scales rose from 2,271 units in 1977 to 6,563 units (valued at $13 million) in 1979. 17/ Exports of electronic digital deli scales by domestic producers more than tripled from 1977 to 1979, while exports of electronic digital counting scales increased even more rapidly during the same period. 18/ During 1977-79, annual U.S. exports of electronic digital deli and counting scales exceeded annual imports of such scales from Japan. 19/ Yearend inventories of electronic digital deli scales reported by domestic producers fell from 3,795 units in 1977 to 3,078 units in 1979; yearend inventories of electronic digital counting scales by U.S. producers declined from 1977 to 1978, but then rose in 1979. 20/

14/ Id., at pp. A-23 and A-24.
15/ Id., at p. A-26 and tables 8 and 9.
16/ Id., at p. A-9.
17/ Id., at pp. A-10 and A-11.
18/ Id., at pp. A-12 and A-13.
19/ Id., at pp. A-8 and A-13.
20/ Id., at pp. A-13 and A-14.

The ratio of shipments by importers of Japanese-made electronic digital deli scales to total reported shipments of such scales to customers in the United States decreased slightly from 1977 to 1978. This ratio increased in 1979, with importers' shipments representing about one-third of total reported shipments. 21/ If data were available for shipments by Hobart and ESI, the two firms that are believed to account for about half of the aggregate domestic production of electronic digital deli scales, the share of the domestic market taken by imports from Japan would be substantially less. The ratio of shipments by the sole importer of Japanese-made electronic digital counting scales to total reported shipments of such scales to U.S. customers increased from 1978 to 1979. 22/

Net sales of electronic digital deli and counting scales by four domestic producers supplying usable profit-and-loss data on their operations in manufacturing such scales rose from $12.0 million in 1977 to $15.7 million in 1978 and $16.4 million in 1979. Aggregate net operating profit increased from $1.9 million (15.4 percent of sales) in 1977 to $2.7 million (17.0 percent of sales) in 1978, then decreased to $1.0 million (6.1 percent of sales) in 1979. Three of the four reporting firms operated profitably in 1977 and 1979; all four firms did so in 1978. 23/

The ratio of net profit before income taxes to the book value of fixed assets employed in the production of all scales and weighing machinery at yearend reported by seven domestic producers rose from 44.1 percent in 1977 to 55.4 percent in 1978, then declined to 35.0 percent in 1979. 24/ Capital expenditures reported by domestic producers of electronic digital scales for facilities used in the production, warehousing, and marketing of scales and

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21/ Id., at pp. A-21 and A-22.
22/ Id.
23/ Id., at pp. A-18 through A-20.
24/ Id., at p. A-19.

weighing machinery rose from $4.2 million in 1977 to $6.0 million in 1978 and $8.2 million in 1979. 25/

The average number of all persons employed in domestic establishments in which electronic digital scales were produced remained stable during 1977-79 at about 4,350 persons. The average number of production and related workers engaged in the production of electronic digital counting scales reported by three domestic producers rose from 27 in 1977 to 62 in 1978 and 87 in 1979. 26/ The average number of production and related workers engaged in the production of electronic digital deli scales reported by four domestic producers almost doubled from 1977 levels to 214 in 1978, then declined to 178 in 1979. Although these four firms reported a decrease in employment producing such scales in 1979, combined production of electronic digital deli scales by these firms was one-third larger in 1979 than in 1978. 27/ For those producers for which data are available, production of electronic digital deli scales per 1,000 hours worked on such scales fell from 1977 to 1978, but then rose sharply in 1979; production of electronic ditigal counting scales per 1,000 hours worked on such scales more than doubled from 1977 to 1979. 28/

No information was provided with respect to the increase or decline in utilization of capacity, cash flow, wages or growth.

Conclusion

We therefore conclude that an industry in the United States is not materially injured or threatened with material injury, and that the establishment of an industry in the United States is not materially retarded, by reason of imports of weighing machinery and scales from Japan with respect to which the administering authority has determined that subsidies are being provided.

25/ Id., at p. A-18.
26/ Id., at pp. A-15 and A-16.
27/ Id., at pp. A-9, A-15, and A-16.
28/ Id., at p. A-15.

VIEWS OF VICE-CHAIRMAN ALBERGER AND
COMMISSIONER MICHAEL J. CALHOUN

In order for the Commission to reach an affirmative determination in this investigation, pursuant to Section 705(b) of the Tariff Act of 1930 (19 U.S.C. 1671d(b)), it is necessary to find that an industry in the United States is materially injured or is threatened with material injury, or that the establishment of an industry in the United States is materially retarded, 1/ by reason of imports of weighing machinery and scales from Japan with respect to which the administering authority has determined that subsidies are being provided. 2/

Discussion

In the circumstances of this investigation, we have concluded that the appropriate domestic industry against which the impact of subsidized Japanese imports should be measured consists of those facilities in the United States producing electronic digital delicatessen (hereinafter "deli") " and counting scales. There are currently 15 known producers of such scales in the United States.

Section 771(4) of the Tariff Act of 1930 (19 U.S.C. 1677(4)) provides, in part, as follows:

> "(A) In General.--The term 'industry' means the domestic producers as a whole of a like product, or those producers whose collective output of the like product constitutes a major proportion of the total domestic production of that product."

1/ Since there is an established domestic electronic digital deli and counting scale industry, the question of material retardation of the establishment of a domestic industry is not at issue in this case.

2/ The administering authority found that, based on the best information available and until further notice, the net amount of the subsidies provided on the subject scales and weighing machinery (which include all those imported under item Nos. 662.26 and 662.30 of the Tariff Schedules of the United States) was estimated to be 4 percent of the f.o.b. value of the merchandise imported from Japan. This amount was determined based on an overall analysis of the potential impact of the programs found to be countervailable. See Commission Report (hereafter Report), p. A-50.

> "(D) Product Lines.--The effect of subsidized or dumped imports shall be assessed in relation to the United States production of a like product if available data permit the separate identification of production in terms of such criteria as the production process or the producer's profits. If the domestic production of the like product has no separate identity in terms of such criteria, then the effect of the subsidized or dumped imports shall be assessed by the examination of the production of the narrowest group or range of products, which includes a like product, for which the necessary information can be provided."

Secton 771(10) (19 U.S.C. 1677(10)) provides that:

> "The term 'like product' means a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation under this title."

The petition filed with the administering authority and the final affirmative subsidy determination cover all weighing machinery and scales provided for under TSUS items 662.26 and 662.30. During the course of this investigation, however, the Commission learned that the bulk of the weighing machinery and scales imported from Japan during 1977-79 consisted of electronic digital scales, used in delicatessen and other retail outlets, and electronic digital counting scales, used in industrial applications. Moreover, no evidence was received by the Commission during its investigation attesting to injury or likelihood thereof to a domestic industry by reason of subsidized imports from Japan of any weighing machinery and scales other than electronic digital scales. Therefore in this investigation, we have limited our examination of the impact of the subsidized imports to the facilities in the United States used in the production of electronic digital deli and counting scales. Moreover, the Commission has been able to obtain separate information on each of these two product lines. Therefore we have assessed both the separate and combined impact of the subject imports on the domestic industry

producing these products. Currently there are 15 domestic producers, 3 of which manufacture both electronic digital deli scales and electronic digital counting scales.

Demand in the United States for electronic digital scales has increased very rapidly since their introduction some 6 years ago, and seems likely to continue to increase in the future. During 1977-79, importers and those domestic producers responding to the Commission's questionnaires shared in this growth of U.S. demand. U.S. production and shipments of both deli and counting scales more than doubled from 1977-79. Prices of components for electronic digital scales generally have declined in recent years, leading to reductions in prices of the scales and further increases in demand. Electronic measuring systems have greater reliability and lower maintenance costs and offer a wider range of options for control of manufacturing processes and inventory than do mechanical scales and weighing machinery. Although prices of electronic digital deli and counting sales declined during 1977-79, there is no evidence of price suppression or price depression caused by subsidized imports or such items from Japan.

Two major domestic producers of electronic digital deli scales, Electronic Scales International (hereinafter "ESI") and Hobart Corporation (hereinafter "Hobart"), did not return the Commission's questionnaires. The best evidence to the Commission indicates that (a) the two firms combined account for about one-half of the aggregate U.S. production of electronic digital deli scales, and (b) one of the two firms is the price leader in the domestic industry, generally underselling other domestic producers and importers by a large margin. Neither ESI nor Hobart supported the petition, and apparently neither firm considers itself materially injured or threatened with material injury by reason of subsidized imports of weighing

machinery and scales from Japan. Certainly the failure of one-half of the domestic industry to supply data requested by the Commission or to otherwise support the petition creates a permissible adverse inference that these firms are not being injured by the subject imports. It is also likely that if information had been supplied by these two firms concerning their levels of output and profitability, for example, the overall health of this industry would have appeared even stronger. Since the Commission's staff made reasonable but unsuccessful attempts to obtain data from the two firms, the domestic industry (collectively) should not benefit from their own failure to cooperate and provide data necessary to accurately assess the state of the industry.

Although these adverse inferences are clearly justifiable, in our opinion, they are not necessary to my determination in this investigation. Based solely on the evidence available to the Commission from reporting domestic firms, we am convinced that neither the producers of electronic digital deli scales nor the producers of electronic digital counting scales are being materially injured or are threatened with material injury by reason of subsidized imports of such scales from Japan.

Findings of facts

The conclusion that the domestic industry producing electronic digital deli and counting scales is not materially injured or threatened with material injury by reason of subsidized imports of such merchandise from Japan is based on consideration of the economic factors listed in Section 771(7) of the Tariff Act of 1930 (19 U.S.C. 1677(7)). Our findings of fact are:

A. Volume of Imports

1. Imports of electronic digital deli scales from Japan rose from 1977 to 1979, reaching 7,607 units in the latter year. Imports

of electronic digital counting scales from Japan also increased from 1978 to 1979; no imports of such scales from Japan were reported in 1977. (Report at A-8).

2. One importer reported that most of its imports of electronic digital deli scales from Japan are re-exported, chiefly to Latin America. (Report at A-8).

3. Virtually all U.S. imports of electronic digital deli scales are from Japan. (Report at A-8, and transcript of Commission hearing) at pp. 72 and 73).

B. Effect of imports on United States prices

4. Prices of electronic digital deli and counting scales, both those produced in the United States and those imported from Japan, declined during 1977-79. (Report at A-12 and A-22-A-26, tables 4-10).

5. The general decline in prices of electronic digital scales has resulted mainly from improved productivity and from reductions in prices of the components for such measuring systems. (Report at A-4 and A-22).

6. For 30-pound capacity electronic digital deli scales sold to distributors (the largest selling scales for which price data were gathered by the Commission's questionnaires), weighted average prices received by domestic producers were generally lower than prices received by importers of Japanese-made scales during 1978-79. (Report at A-25).

7. The available evidence indicates that one domestic producer (ESI), which is believed to account for at least one-fourth of the total U.S. sales of electronic digital deli scales, generally undersells other domestic producers and importers by a large margin. The firm's price for its 25-pound capacity electronic digital deli scale sold in the fourth quarter of 1979 was

more than 25 percent less than that of comparable Japanese models sold in the United States. (Report at A-24, table 5).

8. The only importer who sold Japanese-made electronic digital counting scales to distributors in 1979 received prices higher than those received by domestic producers of such items. (Report at A-26, tables 8 and 9).

C. Impact on affected industry

9. U.S. production of electronic digital deli scales by firms responding to the Commission's questionnaires more than doubled from 1977 to 1979, reaching 18,315 units in the latter year. Domestic production of electronic digital counting scales increased from 2,451 units in 1977 to 5,437 units in 1978 and to 7,431 units in 1979. (Report at A-9).

10. Reported domestic shipments of U.S-made electronic digital deli scales more than doubled from 1977 to 1979, reaching 10,616 units (valued at $10 million) in the latter year. Domestic shipments of U.S.-made electronic digital counting scales rose from 2,271 units in 1977 to 6,563 units (valued at $13 million) in 1979. (Report at A-10 and A-11).

11. U.S. exports of electronic digital deli scales more than tripled from 1977 to 1979, while exports of electronic digital counting scales increased even more rapidly (Report at A-12 and A-13).

12. During each year 1977-79, U.S. exports of both electronic digital deli scales and electronic digital counting scales exceeded imports of such scales from Japan (Japan is virtually the only foreign supplier of electronic digital scales to the United States). (Report at A-8 and A-13).

13. The ratio of shipments by importers of Japanese-made electronic digital deli scales to total reported shipments of such scales to customers in

the United States decreased from 1977 to 1978, then increased in 1979. The ratio of shipments by the sole importer of Japanese-made electronic digital counting scales to total reported shipments of such scales to customers in the United States increased from 1978 to 1979; no imports of such scales from Japan were reported in 1977. (Report at A-21 and A-22).

14. Net sales of electronic digital deli and counting scales by the four domestic producers supplying usable profit-and-loss data on their deli and counting scale operations rose from $12.0 million in 1977 to $15.7 in 1978 and $16.4 million in 1979. Aggregate net operating profit increased from $1.9 million (15.4 percent of sales) in 1977 to $2.7 million (17.0 percent of sales) in 1978, and then decreased to $1.0 million (6.1 percent of sales) in 1979. Three of the four reporting firms operated profitably in 1977 and 1979; all four firms did so in 1978. (Report at A-18-A-20).

15. For those domestic producers for which data are available, production of electronic digital deli scales per 1,000 hours worked on such scales fell from 1977 to 1978, but then rose sharply in 1979. Production of electronic digital counting scales per 1,000 hours worked rose without interruption from 1977 to 1979. (Report at A-15).

16. The ratio of net profit before income taxes to the book value of fixed assets employed in the production of all scales and weighing machinery at year-end reported by seven domestic producers rose from 44.1 percent in 1977 to 55.4 percent in 1978, then declined to 35.0 percent in 1979. (Report at A-19).

17. Yearend inventories of electronic digital deli scales reported by domestic producers fell from 3,795 units in 1977 to 3,578 units in 1978 and to 3,078 units in 1979. Yearend inventories of electronic digital counting

scales reported by domestic producers fell from 1977 to 1978, then rose in 1979. (Report at A-13 and A-14).

18. The average number of all persons employed in domestic establishments in which electronic digital scales were produced remained stable during 1977-79 at about 4,350 persons. The average number of production and related workers engaged in the production of electronic digital counting scales reported by three domestic producers rose from 27 in 1977 to 62 in 1978 and to 87 in 1979. (Report at A-15 and A-16).

19. The average number of production and related workers engaged in the production of electronic digital deli scales reported by four domestic producers rose sharply from 1977 to 1978, then declined somewhat in 1979. Although these four firms reported a decrease in employment producing such scales in 1979, combined production of electronic digital deli scales by these firms was one-third larger in 1979 then in 1978; consequently, the decrease in employment in 1979 must have been due to increased productivity. (Report at A-9, A-15, and A-16).

20. Capital expenditures reported by domestic producers of electronic digital deli and counting scales for facilities used in the production, warehousing, and marketing of scales and weighing machinery rose from $4.2 million in 1977 to $6.0 million in 1978 and $8.2 million in 1979. (Report at A-18).

21. No information was supplied with respect to the increase or decline in utilization of capacity, cash flow, wages, or growth.

Conclusions of law

1. The relevant domestic industry against which the impact of subsidized imports of weighing machinery and scales from Japan should be assessed is the production of electronic digital deli and counting scales.

2. The domestic industry is not materially injured or threatened with material injury by reason of subsidized imports from Japan of electronic digital deli and counting scales.

INFORMATION OBTAINED IN THE INVESTIGATION

Introduction

On January 7, 1980, the U.S. International Trade Commission received notice from the Department of Commerce--the designated administering authority under section 771(1) of the Tariff Act of 1930, as added by title I of the Trade Agreements Act of 1979 (93 Stat. 176; 19 U.S.C. 1677(1)) 1/--that a preliminary affirmative determination, but no final determination, had been issued in connection with its countervailing duty investigation concerning certain scales and weighing machinery from Japan. 2/ Such scales and weighing machinery are provided for in item Nos. 662.26 and 662.30 of the Tariff Schedules of the United States (TSUS).

The Commission instituted, effective January 1, 1980, investigation No. 701-TA-7 (Final) under section 705(b) of the Tariff Act of 1930 to determine whether an industry in the United States is materially injured, or is threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of imports of the merchandise which is the subject of the investigation by the administering authority. Section 705(b) of the Tariff Act, by reason of section 102 of the Trade Agreements Act of 1979, relating to pending investigations (93 Stat. 189; 19 U.S.C. 1671 note), requires that the Commission make its determination as to injury in this case before the later of--

(a) the 120th day after the day on which the administering authority makes its affirmative preliminary determination under section 703(b) (of the Tariff Act of 1930, as amended), or

(b) the 45th day after the day on which the administering authority makes its affirmative final determination under subsection (a) (of section 705 of the Tariff Act of 1930, as amended).

Notice of the institution of the Commission's investigation and of a public hearing to be held in connection therewith was duly given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, D.C., and at the Commission's New York office; and by publishing the notice in the Federal Register of January 17, 1980 (45 F.R. 3400). 3/ The public hearing was held in Washington, D.C., on April 14, 1980.

1/ Effective Jan. 2, 1980, as provided for by Executive Order 12188, the President, pursuant to Reorganization Plan No. 3 of 1979, assigned to the Secretary of Commerce responsibility for the administration of the countervailing duty laws.

2/ A copy of the administering authority's letter to the Commission is presented in app. A.

3/ A copy of the Commission's notice of investigation and hearing is presented in app. B. The public hearing was originally tentatively scheduled for Apr. 4, 1980. A copy of the Commission's notice of change of date of hearing to Apr. 14, 1980, is presented in app. B; this notice was published in the Federal Register on Apr. 2, 1980 (45 F.R. 21754).

Development of the Instant Case

Investigation No. 701-TA-7 (Final) evolved from a countervailing duty petition filed with the Department of the Treasury in February 1979 by the Reliance Electric Co., Toledo Scale Division, a major U.S. producer of scales. This petition contended that weighing machinery and scales imported from Japan benefit from the payment or bestowal of bounties or grants within the meaning of section 303 of the Tariff Act of 1930, as amended. The petition stated that:

> The articles covered by this petition are those imported under TSUS Item 662.26 ("Fully automatic weighing machinery requiring no manual operation for weight determinations, and accurate to 1/20 of 1 percent or better of the maximum weighing capacity, on weight tests within the weighing range of the scale") and TSUS Item 662.30 ("Other"). Such articles include railroad track and motor truck scales; industrial scales, both bench and floor types; retail and commercial scales; household and person weighing scales; mail scales; beam scales; computing scales (including electronic digital scales); and parts and accessories of the foregoing.

Treasury's notice of initiation of the investigation was published in the Federal Register of March 29, 1979 (44 F.R. 18781). 1/ This notice stated that a satisfactory petition had been received and that an investigation had been started for the purpose of determining whether or not benefits were being paid by the Government of Japan to manufacturers/exporters of certain scales and weighing machinery which constitute the payment of a bounty or grant within the meaning of the U.S. countervailing duty law.

On August 23, 1979, a preliminary countervailing duty determination was published by Treasury in the Federal Register (44 F.R. 49549). 2/ This notice stated that the Government of Japan has given benefits which may constitute bounties or grants on the manufacture, production, or exportation of certain scales or weighing machinery. Since a final determination was not reached by Treasury prior to December 31, 1979, then in accordance with section 102(a)(2) of the Trade Agreements Act of 1979, responsibility for this decision was transferred to the Department of Commerce (the administering authority).

In a notice published in the Federal Register on February 27, 1980 (45 F.R. 12860), the Department of Commerce announced that the aggregate net amount of the subsidies provided, directly or indirectly, upon the manufacture, production, or exportation of certain scales and weighing machinery was estimated to be 1 percent ad valorem. Effective January 1, 1980, liquidation of entries was suspended and a cash deposit, bond, or other security in an amount equal to the net subsidy was required on all entries, or withdrawals from warehouse, for consumption.

1/ A copy of Treasury's notice of initiation of the investigation as published in the Federal Register is presented in app. C.

2/ A copy of Treasury's preliminary determination as published in the Federal Register is presented in app. C.

On March 20, 1980, the Commission received notification from the Department of Commerce of its final determination that the Government of Japan has given benefits which constitute subsidies within the meaning of the countervailing duty law on the manufacture, production, or exportation of certain scales and weighing machinery. 1/ Suspension of liquidation of entries is to continue, and a cash deposit, bond, or other security equal to the amount of the aggregate net subsidy will be required at the time of entry in addition to duties normally collected on dutiable shipments of this merchandise. Commerce announced that, until further notice, the net amount of the subsidies provided on certain scales and weighing machinery has been estimated to be 4 percent of the f.o.b. value of the subject merchandise imported from Japan.

Nature and Extent of Subsidies Being Provided

In its preliminary determination, the Department of the Treasury announced that the Government of Japan provides benefits to manufacturers and/or exporters of certain scales and weighing machinery under the following programs:

(1) A 5-year deferral of income taxes to be paid on export earnings through the operation of the Overseas Market Development Reserve (OMDR), and

(2) Export promotional assistance from the Japan External Trade Organization (JETRO).

Treasury also preliminarily determined that certain other programs did not constitute subsidies, because the programs were not utilized by members of the industry under investigation. These programs are established under the "Temporary Measures Act for Small and Medium-Sized Businesses with Regard to the High Yen Exchange Market" (High Yen Act). 2/ This act includes provisions relating to: (1) Financing at interest rates lower than those commercially available; (2) deferred repayment of loans for up to 3 years for firms which had previously been granted loans under a preexisting program; (3) export insurance at premium rates lower than those commercially available; and (4) provisions for carryback of current losses over a 3-year period on corporate and local taxes.

Certain incentives to small and medium-sized businesses, such as preferential financing made by the People's Finance Corp., the Bank for Commerce and Industrial Cooperatives, and the Small Business Finance Corp., were preliminarily determined by Treasury not to constitute a subsidy. This conclusion was based on the fact that the programs involved are strictly domestic in nature, and a significant share of production of the subject merchandise was not exported. However, on November 29, 1979, the U.S. Court of Customs and Patent Appeals overturned the use of the administrative practice applied in arriving at Treasury's conclusion (ASG Industries v. United States, C.A.D. 1237). Accordingly, the existence and utilization of such benefits had to be examined in the instant case.

1/ A copy of Commerce's letter to the Commission advising of its final determination is presented in app. D.

2/ The High Yen Act went into effect in February 1978.

The final determination by the Department of Commerce was that the Government of Japan provides subsidies with respect to all programs discussed above, regardless of the conclusions reached in the preliminary determination. On the basis of the best information available to Commerce, and until further notice, the net amount of the subsidies provided on the subject scales and weighing machinery was estimated to be 4 percent of the f.o.b. value of the merchandise imported from Japan. This amount was determined on the basis of an overall analysis of the potential impact of the programs found to be countervailable.

The Products

Description and uses

Some scales and weighing machinery determine the weight of objects by various mechanical means, such as balancing the object against exchangeable weights, moving weights on a beam, hydraulic movement, or the use of springs or levels. Other scales and weighing machinery determine the weight of objects by electronic means. Electronic weighing systems are obtaining a larger share of the U.S. market. Prices of components for electronic measuring systems generally have declined in recent years; furthermore, such systems have greater reliability and lower maintenance costs, and offer a wider range of options for control of manufacturing processes and inventory than do mechanical scales and weighing machinery.

Scales and weighing machinery vary widely in type and function, ranging from bathroom scales to scales for weighing railroad cars or trucks. Other types of scales and weighing machinery include such industrial varieties as bench and portable scales; floor scales; scales for predetermined weighing and check weighing; automatic bulk material weighers, predetermined weight type, for weighing, filling, batching, and proportioning; and crane, suspension, tank, hopper, force measuring devices, and conveyor scales for bulk materials. Major types of retail and commercial scales include computing checkstand (checkout) scales, automatic prepack scales, and delicatessen (deli) scales.

The bulk of the scales and weighing machinery imported from Japan during 1977-79 were electronic digital scales, primarily for delicatessens and other retail outlets, and electronic digital counting scales. Therefore, the remainder of this report focuses principally on such scales. 1/

Electronic digital deli scales and electronic digital counting scales normally consist of five main components, namely: (1) A transducer, usually a load cell, (2) a logic board or microcomputer, (3) a power supply, (4) a keyboard, and (5) a display. A transducer is a device for converting energy from one form to another for information or control purposes. Load cells,

1/ On Mar. 10, 1980, the Commission received a letter from counsel on behalf of the petitioner (Reliance Electric Co.) requesting that the Commission limit its investigation to digital "deli" scales, provided for in TSUSA item 662.2610. A copy of this letter is presented in app. E.

introduced by the domestic industry in small sizes for these scales in the mid-1970's, are devices which produce an output signal proportional to the applied load. The load cell may utilize principles from the fields of, but not limited to, electricity, electronics, hydraulics, magnetics and pneumatics, or combinations thereof.

Electronic digital deli scales are used in a food store's selling area. These scales are equipped with an attached keyboard and an internal microcomputer. A display shows weight, price per pound, and total cost of the transaction. Such scales are sold principally to supermarkets and small specialty shops that sell such items as cheese, fish, and vegetables.

Electronic digital counting scales indicate the number or count of objects placed in or on the load receiving element or elements. Such scales are typically used to count pieces on an assembly line, and are sold to a wide variety of industries, such as electronics, metal stamping, pharmaceutical, and automotive.

U.S. tariff treatment

The scales and weighing machinery which are the subject of the present investigation are classified for tariff purposes under items 662.26 and 662.30 of the Tariff Schedules of the United States. These items provide for all scales and weighing machinery other than those used in the manufacture of sugar and balances of a sensitivity of 5 centigrams or better. The column 1 (most-favored-nation) rates of duty are 4.8 percent ad valorem for imports under TSUS item 662.26 and 8.6 percent ad valorem for imports under TSUS item 662.30. These rates became effective January 1, 1980, upon the implementation of the first staged reduction in duties pursuant to the seventh (Tokyo) round of trade negotiations under the General Agreement on Tariffs and Trade. Seven additional duty reductions of approximately equal size will occur annually through 1987. On January 1, 1987, imports under items 662.26 and 662.30 will be dutiable at 3.7 percent ad valorem and 5 percent ad valorem, respectively. The column 2 rates (applicable to imports from certain Communist-dominated countries) are 35 percent ad valorem for TSUS item 662.26 and 45 percent ad valorem for TSUS item 662.30.

Prior to January 1, 1968, the column 1 duty rates for TSUS items 662.26 and 662.30 were 10 percent ad valorem and 18 percent ad valorem, respectively. As a result of concessions granted by the United States in the sixth (Kennedy) round of trade negotiations, these rates were reduced in stages to 5 percent for item 662.26 and 9 percent for item 662.30, effective January 1, 1972; they remained at those levels through December 31, 1979.

Imports of scales and weighing machinery under TSUS item 662.26 from designated beneficiary developing countries are eligible for duty-free treatment under the Generalized System of Preferences (GSP). Although such countries have not utilized the GSP provisions extensively, there were some duty-free entries during 1977-79 from Israel, Yugoslavia, the Republic of Korea, Hong Kong, and Taiwan. Imports of scales and weighing machinery under TSUS item 662.30 are not eligible for GSP treatment.

Effective January 1, 1978, TSUS items 662.26 and 662.30 were annotated as follows:

TSUSA item No.	Description
	Weighing machinery and scales (except balances of a sensitivity of 5 centigrams or better provided for in part 2D of schedule 7), including weight-operated counting and checking machines, and parts thereof; weighing machine weights not provided for in part 2D of schedule 7:
662.26	Fully automatic weighing machinery requiring no manual operations for weight determinations, and accurate to 1/20 of 1 percent or better of the maximum weighing capacity, on weight tests within the weighing range of the scale--
10	Digital (electronic) weighing machinery
20	Other weighing machinery
662.30	Other--
10	Digital (electronic) weighing machinery
20	Other weighing machinery
30	Parts

Domestic Producers

According to the Census of Manufactures, 102 establishments produced scales and balances, except laboratory types, in the United States in 1977 (the latest year for which such data are available). The bulk of these establishments, which are classified in industry No. 3576 of the Standard Industrial Classification (SIC), manufacture scales of the types classifiable under TSUS items 662.26 and 662.30. Four firms account for about 50 percent of all domestic production of scales and balances, 1/ although the concentration ratio is believed to have declined in recent years as electronic firms entered into the production of scales. More than 50 establishments were reported to manufacture parts and accessories for scales and balances.

The value of shipments of products classified as primary to industry No. 3576 was $327 million in 1977, or an increase of 80 percent compared with the value of shipments in 1972, as shown in table 1 (app. F). In 1977, this industry had 7,000 employees and a total payroll of $83.6 million; 4,600 production workers worked 9.1 million hours and received $46.5 million in wages.

There are nine known producers of electronic digital deli scales in the United States and nine domestic producers of electronic digital counting scales. Only the petitioner, Reliance Electric Co. (Toledo), and two other producers--National Controls, Inc. (NCI), and Ormond, Inc. (Ormond)--manufacture both types

1/ U.S. Department of Commerce, 1972 Census of Manufactures, "Concentration Ratios in Manufacturing," special report series MC72(SR)-2, Oct. 1975.

of scales. 1/ Although the manufacturing process is similar for deli and counting scales, marketing of each differs considerably.

The four largest producers of electronic digital deli scales--Toledo, NCI, Electronic Scales International (ESI), and Hobart Corp. (Hobart)--accounted for 85 to 90 percent, by quantity, of estimated total U.S. production of such scales in 1979. The four largest producers of electronic digital counting scales--NCI, Toledo, Electroscale Corp. (Electroscale), and the Pennsylvania Scale Co. (Pennsylvania)--accounted for about 90 percent of estimated total U.S. production of these scales in 1979.

Domestically produced electronic digital deli and counting scales are sold directly to end users or through distributors. Some large domestic producers have their own sales and service organizations, while smaller producers sell through unaffiliated distributors. Most electronic digital deli scales are sold through distributors. Distributors normally handle more than one type of scales, and sometimes market both domestically produced and imported products. Distributors also typically sell other items such as refrigerators, meat cutters, and related equipment.

Importers

According to statistics of the U.S. Department of Commerce, scales and balances of the types classifiable under TSUS items 662.26 and 662.30 were imported into the United States in 1979 by approximately 130 firms. Three importers handled the bulk of U.S. imports of electronic digital deli and counting scales from Japan during 1977-79. Electronic digital deli scales were imported principally by New Brunswick International, Inc., and TEC America, Inc. (TEC). These firms were supplied by Teraoka Seikosho and Tokyo Electric Co., respectively, in Japan. Metrodyne Corp., the sole U.S. importer of electronic digital counting scales from Japan, was * * *.

Domestic trade sources have indicated that Japanese sales activity is focused mainly on the specialty stores selling cheese, fish, vegetables, and similar items. 2/ These sources stated that the Japanese appear to be willing to sell scales through any dealer willing to market their products. However, the after-the-sale service provided by the Japanese is reportedly not as extensive as that given by U.S. producers or their sales organizations. Japanese electronic digital deli scales sold in the United States reportedly are well designed, have desirable features, and are very similar in quality to those made in the United States. Importers of Japanese products have indicated that they expect future growth in their U.S. sales of checkstand scales, already in use in some large domestic supermarkets. Such import sources added that checkstand scales are used more extensively in Japan than in the United States.

1/ A list of the domestic firms producing electronic digital deli or counting scales, as well as their plant locations and major product lines, is presented in app. G. One firm which began producing electronic digital deli scales in 1980, the Detecto Scale Co. of Brooklyn, N.Y., is not shown on the list. This firm expects to sell about * * * units per month; it also expects * * * .

2/ Counsel for the petitioners contended in its prehearing statement and at the Commission's hearing that Japanese sales activity is now predominantly focused on supermarkets.

U.S. Imports

The value of U.S. imports of all scales and weighing machinery entered under TSUS items 662.26 and 662.30 rose from $13 million in 1977 to $21 million in 1978 and $29 million in 1979. Imports from Japan, the largest supplier in each of those years, accounted for 23 percent of total imports in 1977, 20 percent in 1978, and 29 percent in 1979. Other principal suppliers included the Federal Republic of Germany (West Germany), Switzerland, Belgium, the United Kingdom, and Hong Kong (table 2).

Imports of electronic digital deli scales from Japan by firms responding to the Commission's questionnaires rose from * * * units in 1977 to 2,852 units in 1978, then jumped sharply in 1979 to 7,607 units valued at $5.1 million. Imports of electronic digital counting scales from Japan amounted to * * * units valued at * * * in 1979. According to the Chairman of Metrodyne Corp., * * * * * * * * * * * * *.

The following table shows U.S. imports of electronic digital deli or service and counting scales from Japan during 1977-79, as reported in response to the Commission's questionnaires. 1/

Electronic digital deli or service and counting scales: U.S. imports from Japan, by firms, 1977-79

Product and firm	Quantity			Value 1/		
	1977	1978	1979	1977	1978	1979
	Units			1,000 dollars		
Electronic digital deli or service scales:						
Chugai Int. Corp	* * *	* * *	* * *	* * *	* * *	* * *
Metro Equipment 2/	* * *	* * *	* * *	* * *	* * *	* * *
New Brunswick	* * *	* * *	* * *	* * *	* * *	* * *
TEC	* * *	* * *	* * *	* * *	* * *	* * *
Transamerica	* * *	* * *	* * *	* * *	* * *	* * *
Subtotal	* * *	2,852	7,607	* * *	2,239	5,149
Electronic digital counting scales:						
Metrodyne, subtotal	* * *	* * *	* * *	* * *	* * *	* * *
Total electronic digital scales	* * *	* * *	* * *	* * *	* * *	* * *

1/ Duty paid landed value at the U.S. port of entry.
2/ Metro Equipment reported that * * * .

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

1/ Testimony was presented at the Commission's hearing that virtually all U.S. imports of electronic digital deli scales are from Japan (transcript, p. 73).

Consideration of Material Injury or Threat Thereof

U.S. production

Domestic production of electronic digital deli and counting scales by firms responding to the Commission's questionnaires is shown in the following table. 1/

Electronic digital deli or service and counting scales: U.S. production, by firms, 1977-79

(In units)

Product and firm	1977	1978	1979
Electronic digital deli or service scales:			
Berkel	* * *	* * *	* * *
Franklin Electric	* * *	* * *	* * *
NCI 1/	* * *	* * *	* * *
Sanitary	* * *	* * *	* * *
Toledo	* * *	* * *	* * *
Subtotal	* * *	12,090	18,315
Electronic digital counting scales:			
Electroscale	* * *	* * *	* * *
General Counting	* * *	* * *	* * *
NCI	* * *	* * *	* * *
Pennsylvania	* * *	* * *	* * *
Toledo	* * *	* * *	* * *
Weigh-Tronix	* * *	* * *	* * *
Subtotal	2,451	5,437	7,431
Total	* * *	17,527	25,746

1/ Firm did not report production data but did report data on domestic and export shipments of electronic digital deli or service scales; the figures given in the table are the sum of domestic and export shipments reported for each year.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

As indicated above, reported production of electronic digital deli scales rose sharply from * * * units in 1977 to 18,315 units in 1979. During the same period production of electronic digital counting scales, although smaller than the output of electronic digital deli scales, rose more rapidly, or from 2,451 units in 1977 to 7,431 units in 1979. The increase in reported domestic production

1/ Production of all scales and weighing machinery by these same firms is shown in table 3. The aggregate number of scales produced by these firms rose from 92,300 in 1977 to 108,000 in 1978 and 140,000 in 1979.

of each type largely reflected gains made by * * *. Production of electronic digital deli scales by Franklin Electric in 1979 was * * *; the firm's production of such items in 1979 was adversely affected by a 20-week shutdown from December 1978 through April 1979 occasioned by a labor strike (transcript, p. 79).

Data in the preceding table are estimated to represent more than 80 percent of aggregate U.S. production of electronic digital counting scales during 1977-79, but only about 50 percent of total domestic production of electronic digital deli scales during that period. Questionnaires were not returned to the Commission by two major producers of electronic digital deli scales--ESI and Hobart. It is estimated that these two firms produced about half the aggregate annual U.S. production of such scales during 1977-79. 1/ ESI was one of the first domestic producers to market in the mid-1970's an electronic digital deli scale with a load cell device. The firm has grown rapidly until it is now believed to be the largest supplier of these scales to the U.S. market. According to the president of ESI, the firm is * * *. Hobart is a leading U.S. manufacturer of food-related electrical equipment. Electronic digital deli scales are only one of Hobart's many product lines. The firm's net sales of all products amounted to $541 million in 1978.

U.S. shipments of domestically produced and imported electronic digital deli and counting scales

U.S. shipments of domestically produced electronic digital deli scales, as reported in response to the Commission's questionnaires, more than doubled from 1977 to 1979, reaching 10,616 units (valued at $10 million) in the latter year. As shown in the table on the following page, the value of such shipments rose less sharply in 1977-79 than the quantity shipped, reflecting a decline in prices of these scales during 1977-79.

U.S. shipments of electronic digital deli scales imported from Japan increased * * * percent from 1977 to 1978, then more than doubled in 1979 to 5,958 units. The value of such shipments reached $5.2 million in 1979. Prices of these scales from Japan also declined during 1977-79.

U.S. shipments of domestically produced electronic digital counting scales rose sharply during 1977-79; such shipments reached 6,563 units (valued at $13

1/ The four firms appearing at the Commission's hearing in support of the petition--Toledo, NCI, Sanitary, and Franklin Electric--estimated that they and Berkel, Inc. (which in a letter of Apr. 1, 1980, to counsel for the petitioner expressed its support for the petition) collectively account for about 50 percent of aggregate domestic production of electronic digital scales (transcript, p. 58). These firms estimated that ESI produced about 8,000 to 9,000 electronic digital deli scales for the domestic market in 1979. The president of Metro Equipment Corp. (an importer of scales from Japan) estimated at the hearing that ESI produced about 24,000 units in 1979. In the Commission's prehearing report, the staff estimated, on the basis of average estimates received from trade sources, that ESI and Hobart produced about * * * and * * * electronic digital deli scales, respectively, in 1979.

Electronic digital deli or service and counting scales: U.S. shipments of merchandise produced domestically or imported from Japan, by firms, 1977-79

Product and firm	Quantity			Value		
	1977	1978	1979	1977	1978	1979
	Units			1,000 dollars		
Domestically produced:						
Electronic digital deli or service scales:						
Berkel	* * *	* * *	* * *	* * *	* * *	* * *
Franklin Electric	* * *	* * *	* * *	* * *	* * *	* * *
NCI	* * *	* * *	* * *	* * *	* * *	* * *
Sanitary	* * *	* * *	* * *	* * *	* * *	* * *
Toledo	* * *	* * *	* * *	* * *	* * *	* * *
Subtotal	* * *	7,388	10,616	* * *	8,833	10,011
Electronic digital counting scales:						
Electroscale	* * *	* * *	* * *	* * *	* * *	* * *
General Counting	* * *	* * *	* * *	* * *	* * *	* * *
NCI	* * *	* * *	* * *	* * *	* * *	* * *
Pennsylvania	* * *	* * *	* * *	* * *	* * *	* * *
Toledo	* * *	* * *	* * *	* * *	* * *	* * *
Weigh-Tronix	* * *	* * *	* * *	* * *	* * *	* * *
Subtotal	2,271	4,813	6,563	5,903	8,948	13,014
Total domestically produced	* * *	12,201	17,179	* * *	17,781	23,025
Imported from Japan:						
Electronic digital deli or service scales:						
Chugai Int. Corp	* * *	* * *	* * *	* * *	* * *	* * *
Metro Equipment	* * *	* * *	* * *	* * *	* * *	* * *
New Brunswick	* * *	* * *	* * *	* * *	* * *	* * *
TEC	* * *	* * *	* * *	* * *	* * *	* * *
Transamerica	* * *	* * *	* * *	* * *	* * *	* * *
Subtotal	* * *	2,440	5,958	* * *	2,466	5,166
Electronic digital counting scales:						
Metrodyne, subtotal	* * *	* * *	* * *	* * *	* * *	* * *
Total imported from Japan	* * *	* * *	* * *	* * *	* * *	* * *

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

million in 1979. U.S. shipments of electronic digital counting scales imported from Japan * * *, compared with 1978; such shipments totaled * * * units (valued at * * *) in 1979.

The following tabulation, which shows the average unit value of shipments of electronic digital deli and counting scales, indicates the declining prices for such scales in the United States during 1977-79:

Item	1977	1978	1979
Electronic digital deli scales:			
U.S. produced	$1,421	$1,196	$943
Imported from Japan	1,103	1,011	867
Electronic digital counting scales:			
U.S. produced	2,599	1,859	1,983
Imported from Japan	* * *	* * *	* * *

U.S. exports

During 1975-79, the United States exported substantially more scales and weighing machinery than it imported; the value of exports was about 3 times that of imports during 1975-77, and 2.4 times imports in 1978 and 1979. Annual exports of all scales and weighing machinery included in this investigation rose without interruption from $31 million in 1975 to $70 million in 1979; only about 2 percent of such exports went to Japan, as indicated in the following table.

Certain scales and weighing machinery: U.S. exports of domestic merchandise, total and to Japan, 1975-79

(In thousands of dollars)

Market	1975	1976	1977	1978	1979
Japan	731	476	452	1,139	1,637
All other	29,846	32,672	38,603	50,623	68,097
Total	30,577	33,148	39,055	51,762	69,734

Source: Compiled from official statistics of the U.S. Department of Commerce.

Exports of electronic digital scales by firms responding to the Commission's questionnaires increased more sharply during 1977-79 than aggregate U.S. exports of all scales and weighing machinery. Electronic digital deli and counting scales accounted for slightly less than 10 percent of the value of total exports in 1977, but for more than 16 percent in 1979. As shown in the table on the following page, exports of electronic digital deli scales rose from * * * units in 1977 to 7,873 units in 1979, while exports of electronic digital counting scales jumped from * * * units in 1977 to 1,500 units in 1979. 1/

1/ * * * * * * * * * * * * *.

Electronic digital deli or service and counting scales: U.S. exports of domestic merchandise, by firms, 1977-79

Product and firm	Quantity			Value		
	1977	1978	1979	1977	1978	1979
	----------Units----------			-------1,000 dollars------		
Electronic digital deli or service scales:						
Berkel	* * *	* * *	* * *	* * *	* * *	* * *
Franklin Electric	* * *	* * *	* * *	* * *	* * *	* * *
NCI	* * *	* * *	* * *	* * *	* * *	* * *
Sanitary	* * *	* * *	* * *	* * *	* * *	* * *
Toledo	* * *	* * *	* * *	* * *	* * *	* * *
Subtotal	* * *	4,883	7,873	* * *	6,298	7,943
Electronic digital counting scales:						
Electroscale	* * *	* * *	* * *	* * *	* * *	* * *
General Counting	* * *	* * *	* * *	* * *	* * *	* * *
NCI	* * *	* * *	* * *	* * *	* * *	* * *
Pennsylvania	* * *	* * *	* * *	* * *	* * *	* * *
Toledo	* * *	* * *	* * *	* * *	* * *	* * *
Weigh-Tronix	* * *	* * *	* * *	* * *	* * *	* * *
Subtotal	* * *	869	1,500	* * *	1,809	3,335
Total	* * *	5,752	9,373	* * *	8,107	11,278

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Inventories

Domestic producers.--The Commission received data on yearend inventories from four domestic producers of electronic digital deli scales and three producers of electronic digital counting scales. These producers accounted for * * * percent of total domestic and export shipments of electronic digital deli scales reported to the Commission by all U.S. producers in 1979, and about * * * percent of total reported shipments of electronic digital counting scales in that year. As shown in the table on the following page, reported yearend inventories of electronic digital deli scales fell during 1977-79, both in absolute terms and relative to shipments reported by those producers that also reported data on inventories.

Electronic digital deli or service and counting scales: U.S. producers' yearend inventories and the ratio of such inventories to domestic and export shipments, by firms, 1977-79

Product and firm	Yearend inventories			Ratio of inventories to shipments		
	1977	1978	1979	1977	1978	1979
	Units			Percent		
Electronic digital deli or service scales:						
Berkel	* * *	* * *	* * *	* * *	* * *	* * *
Franklin Electric	* * *	* * *	* * *	* * *	* * *	* * *
Sanitary	* * *	* * *	* * *	* * *	* * *	* * *
Toledo	* * *	* * *	* * *	* * *	* * *	* * *
Subtotal or average	3,795	3,578	3,078	* * *	* * *	* * *
Electronic digital counting scales:						
Electroscale	* * *	* * *	* * *	* * *	* * *	* * *
General Counting	* * *	* * *	* * *	* * *	* * *	* * *
Toledo	* * *	* * *	* * *	* * *	* * *	* * *
Subtotal or average	* * *	* * *	* * *	* * *	* * *	* * *
Total or average, deli and counting	* * *	* * *	* * *	* * *	* * *	* * *

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Importers.--Inventories of Japanese-made electronic digital deli and counting scales held in the United States by importers of such merchandise increased only moderately from yearend 1976 to yearend 1978 but approximately trebled during 1979, as shown in the following tabulation (in units):

Product and firm	1976	1977	1978	1979
Electronic digital deli or service scales:				
Chugai International Corp	* * *	* * *	* * *	* * *
Metro Equipment	* * *	* * *	* * *	* * *
New Brunswick	* * *	* * *	* * *	* * *
TEC	* * *	* * *	* * *	* * *
Transamerica	* * *	* * *	* * *	* * *
Subtotal	* * *	* * *	512	1,667
Electronic digital counting scales:				
Metrodyne, subtotal	* * *	* * *	* * *	* * *
Total, deli and counting	* * *	* * *	* * *	* * *

Employment and hours worked

The average number of all persons employed in domestic establishments in which electronic digital scales were produced remained relatively stable during 1977-79, at about 4,350 persons. As shown in the table on the following page, * * * the aggregate employment data; while the average number of employees in that firm fell by * * * from 1977 to 1979, combined employment in other firms responding to the Commission's questionnaires rose by an offsetting amount.

The average number of production and related workers engaged in the production of all products rose from 1,072 in 1977 to 1,808 in 1978, then slipped to 1,769 in 1979. The number of hours worked by such employees rose from about 2.2 million in 1977 to 3.7 million in 1978, then fell to 3.6 million in 1979 (see table on page A-17). The declines in employment of production and related workers and hours worked by these employees in 1979 reflected sharper declines reported by * * *, since most other firms reported increases in employment and hours worked in that year. 1/

Three of the four largest producers of electronic digital deli scales--NCI, ESI, and Hobart--did not supply data on the average number of employees engaged in the production of such scales. Employment at Toledo and three smaller producers of electronic digital deli scales rose from * * * in 1977 to 214 in 1978, but then declined to 178 in 1979. Only Toledo and two other producers supplied data on the average number of workers engaged in the production of electronic digital counting scales; such employment rose from 27 in 1977 to 62 in 1978 and 87 in 1979.

The following tabulation shows, for those domestic producers for which data are available, production of electronic digital deli and counting scales per 1,000 person-hours worked on such scales:

Product and firm	1977	1978	1979
Electronic digital deli scales:			
Berkel	***	***	***
Franklin Electric	***	***	***
Sanitary	***	***	***
Toledo	***	***	***
Average	***	***	***
Electronic digital counting scales:			
General Counting	***	***	***
Toledo	***	***	***
Average	***	***	***
Average, all electronic digital scales	28.5	21.1	35.1

1/ As indicated earlier, Franklin Electric's production of scales and weighing machinery was interrupted by a labor strike extending from December 1978 through April 1979.

Average number of employees, total and production and related workers, in domestic establishments in which electronic digital scales were produced, by firms, 1977-79

Item	1977	1978	1979
Average number employed:			
All persons:			
Berkel	* * *	* * *	* * *
Franklin Electric	* * *	* * *	* * *
General Counting	* * *	* * *	* * *
NCI	* * *	* * *	* * *
Pennsylvania	* * *	* * *	* * *
Sanitary	* * *	* * *	* * *
Toledo	* * *	* * *	* * *
Weigh-Tronix	* * *	* * *	* * *
Total	4,387	4,333	4,339
Production and related workers producing--			
All products:			
Berkel	* * *	* * *	* * *
Franklin Electric	* * *	* * *	* * *
General Counting	* * *	* * *	* * *
NCI	* * *	* * *	* * *
Pennsylvania	* * *	* * *	* * *
Sanitary	* * *	* * *	* * *
Toledo	* * *	* * *	* * *
Weigh-Tronix	* * *	* * *	* * *
Total	1,072	1,808	1,769
Electronic digital deli scales:			
Berkel	* * *	* * *	* * *
Franklin Electric	* * *	* * *	* * *
NCI	* * *	1/	1/
Sanitary	* * *	* * *	* * *
Toledo	* * *	* * *	* * *
Total	* * *	2/ 214	2/ 178
Electronic digital counting scales:			
General Counting	* * *	* * *	* * *
NCI	1/	1/	1/
Pennsylvania	* * *	* * *	* * *
Toledo	* * *	* * *	* * *
Weigh-Tronix	1/	1/	1/
Total	2/ 27	2/ 62	2/ 87

1/ Not available.
2/ Total includes data for only those firms able to supply such information.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Person-hours worked by production and related workers in domestic establishments in which electronic digital scales were produced, by firms, 1977-79

(In thousands of person-hours)

Item	1977	1978	1979
Person-hours worked by production and related workers producing--			
All products:			
Berkel	* * *	* * *	* * *
Franklin Electric	* * *	* * *	* * *
General Counting	* * *	* * *	* * *
NCI	1/ * * *	1/ * * *	1/ * * *
Pennsylvania	1/ * * *	1/ * * *	1/ * * *
Sanitary	* * *	* * *	* * *
Toledo	* * *	* * *	* * *
Weigh-Tronix	* * *	* * *	* * *
Total	2,202	3,706	3,579
Electronic digital deli scales:			
Berkel	* * *	* * *	* * *
Franklin Electric	* * *	* * *	* * *
NCI	* * *	2/	2/
Sanitary	* * *	* * *	* * *
Toledo	* * *	* * *	* * *
Total	* * *	3/ 438	3/ 348
Electronic digital counting scales:			
General Counting	* * *	* * *	* * *
NCI	2/	2/	2/
Pennsylvania	1/ * * *	1/ * * *	1/ * * *
Toledo	* * *	* * *	* * *
Weigh-Tronix	2/	2/	2/
Total	3/ 60	3/ 128	3/ 177

1/ Firm supplied data on the average number of production and related workers producing these products, but not data on person-hours worked by such employees; the figure shown in the table is an estimate by the Commission's staff (derived by assuming that each worker worked an average of 2 thousand hours during the year).

2/ Not available.

3/ Total includes data for only those firms able to supply information or for which estimates could be made by the Commission's staff.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission, except as noted.

[redacted]

Financial experience of U.S. producers

All scales and weighing machinery.--Net sales of all scales and weighing machinery by seven domestic producers supplying the Commission with usable profit-and-loss data increased from $101 million in 1977 to $122 million in 1978 and $146 million in 1979, as shown in the table on the following page. Net operating profit of these firms rose from $13 million (12.6 percent of sales) in 1977 to $18 million (15.0 percent) in 1978, and then declined to $16 million (11.1 percent) in 1979. Five of the seven reporting firms operated profitably in 1977, and six of the seven did so in 1978 and 1979. The following tabulation, which shows the ratio of net profit before income taxes to net sales, indicates that producers of scales and weighing machinery fared somewhat better than most domestic manufacturing corporations in 1977 and 1978, but somewhat worse in 1979 (in percent):

	1977	1978	1979
All manufacturing corporations	8.65	8.85	8.85
Producers of scales and weighing machinery	9.02	10.80	6.79

Operations on electronic digital scales.--Net sales of electronic digital deli and counting scales by four domestic producers supplying usable profit-and-loss information on their operations in manufacturing such scales rose from $12.0 million in 1977 to $15.7 million in 1978 and $16.4 million in 1979. Aggregate net operating profit increased from $1.9 million in 1977 to $2.7 million in 1978, but then dropped to $1.0 million in 1979. The ratio of net operating profit to net sales rose from 15.4 percent in 1977 to 17.0 percent in 1978 before falling to 6.1 percent in 1979. Three of the four reporting firms operated profitably in 1977 and 1979; all did so in 1978, as shown in the table on page A-20.

Capital expenditures.--Capital expenditures reported by domestic producers of electronic digital deli and counting scales for facilities used in the production, warehousing, and marketing of all scales and weighing machinery during 1977-79 were as follows (in thousands of dollars):

Capital expenditures	1977	1978	1979
Land	64	92	175
Buildings	952	1,929	3,365
Machinery and equipment	3,204	4,008	4,713
Total	4,220	6,029	8,253

Profit-and-loss experience of U.S. producers of electronic digital scales, by types of operations, 1977-79

Item	1977	1978	1979
	Operations on all scales and weighing machinery 1/		
Net sales----------1,000 dollars--	100,896	122,396	146,544
Cost of goods sold----------do----	66,453	77,634	96,035
Gross margin----------do----	34,443	44,762	50,509
General, selling, and administrative expenses----------do----	21,674	26,343	34,289
Net operating profit----------do----	12,769	18,419	16,220
Other income or (expense), net----------do----	(3,667)	(5,199)	(6,270)
Net profit before income taxes----------do----	9,102	13,220	9,950
Book value of fixed assets employed in the production of scales and weighing machinery at yearend----------do----	20,631	23,862	28,410
Ratio of net operating profit to net sales----------percent--	12.6	15.0	11.1
Ratio of net profit before income taxes to--			
Net sales----------percent--	9.0	10.8	6.8
Fixed assets----------do----	44.1	55.4	35.0
Number of firms reporting a net operating profit----------	5	6	6
Number of firms reporting a net operating loss----------	2	1	1
	Operations on electronic digital scales 2/		
Net sales----------1,000 dollars--	12,052	15,744	16,399
Cost of goods sold----------do----	7,949	10,357	11,502
Gross margin----------do----	4,103	5,387	4,897
General, selling, and administrative expenses----------do----	2,246	2,715	3,901
Net operating profit----------do----	1,857	2,672	996
Other income or (expense), net----------do----	(367)	(427)	(344)
Net profit before income taxes----------do----	1,490	2,245	652
Ratio of net operating profit to net sales----------percent--	15.4	17.0	6.1
Number of firms reporting a net operating profit----------	3	4	3
Number of firms reporting a net operating loss----------	1	0	1

1/ Firms included are Electroscale, Franklin Electric, NCI, Pennsylvania (data partly estimated), Sanitary, Toledo, and Weigh-Tronix.

2/ Firms included are Electroscale, Franklin Electric, Sanitary, and Toledo.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Profit-and-loss experience of domestic producers on their electronic digital scales operations, 1977-79 1/

Year and company	Net sales	Cost of goods sold	Gross margin	General, selling, and administrative expenses	Net operating income or (loss)	Ratio of cost of goods sold to net sales	Ratio of gross margin to net sales	Ratio of net operating income (loss) to net sales
	1,000 dollars					Percent		
1977:								
Electroscale	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *
Franklin Electric	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *
Sanitary	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *
Toledo	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *
Total	12,052	7,949	4,103	2,246	1,857	66.0	34.0	15.4
1978:								
Electroscale	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *
Franklin Electric	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *
Sanitary	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *
Toledo	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *
Total	15,744	10,357	5,387	2,715	2,672	65.8	34.2	17.0
1979:								
Electroscale	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *
Franklin Electric 2/	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *
Sanitary	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *
Toledo	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *
Total	16,399	11,502	4,897	3,901	996	70.1	29.9	6.1

1/ Electroscale and Toledo reported data on a fiscal year ending Oct. 31.

2/ Data adjusted for relocation expense of * * * as being a nonrecurring expense; also, as indicated earlier, Franklin Electric had a labor strike from Dec. 1978 through Apr. 1979 that resulted in the interruption of production during that period.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Consideration of the Causal Relationship Between
Subsidized Imports and the Alleged Injury or Threat Thereof

Market penetration by imports from Japan

Apparent U.S. consumption of electronic digital counting scales, as measured by the sum of domestic shipments reported to the Commission by seven of the nine known domestic producers and by the only firm known to import such scales from Japan, rose from 2,271 units in 1977 to * * * units in 1978 and * * * units in 1979. 1/ As shown in the table on the following page, the ratio of imports to apparent U.S. consumption of such scales increased from * * * percent in 1978 to * * * percent in 1979 (Metrodyne reported no imports of electronic digital counting scales from Japan in 1977).

Accurate data on U.S. consumption of electronic digital deli scales are not available, inasmuch as two large domestic producers (ESI and Hobart)--which together account for perhaps half the total U.S. production of such scales--did not return the Commission's questionnaires. 2/ The table on the following page, therefore, shows domestic shipments by all other known U.S. producers during 1977-79 and compares such shipments with those reported by all known importers of such scales from Japan during that period. As indicated, the ratio of shipments of Japanese-made electronic digital deli scales to total reported shipments of such scales decreased slightly from * * * percent in 1977 to * * * percent in 1978, but then rose to * * * percent in 1979. If data were available for shipments by ESI and Hobart these ratios would, of course, be lower. It is not known, however, whether shipments by those two firms increased less rapidly, the same as, or more rapidly than shipments by other domestic producers or importers during the period covered in the table.

1/ The Commission received responses to its questionnaires from six domestic producers; data from Ormond, Inc. were obtained verbally by the staff following the Commission's hearing. An official of the firm reported that Ormond's annual production (which is assumed to equal domestic shipments) in 1978 and 1979 amounted to * * * electronic digital counting scales and * * * electronic digital retail scales; the firm reported that it did not produce such scales in 1977. These figures have been added to the data shown in the table on page A-11 to give total shipments by domestic producers, excluding two other firms (CCS Systems and K-tron) for which data are not available. The latter two firms are believed to account for less than 20 percent of aggregate U.S. production of electronic digital counting scales.

2/ In a letter dated Mar. 13, 1980, Hobart stated that "sales of our electronic loadcell digital scales, for example, are up this year . . ." The firm added that "This whole area is further complicated by the fact that Hobart Corporation has recently been making major changes in the design of its scales which would render any historical data concerning Hobart's scale line useless to your investigation because our scales are not directly comparable to Japanese models. This fact would add to the impossibility of gauging the impact of Japanese competition on our corporation."

Electronic digital deli and counting scales: Shipments to U.S. customers reported by domestic producers and by importers of such merchandise produced in Japan, and ratio of shipments by importers to total reported shipments, 1977-79

Item	1977	1978	1979
Deli scales:			
Shipments by domestic producers-----units--	* * *	* * *	* * *
Shipments by importers of scales			
from Japan----------do----	* * *	2,440	5,958
Total----------do----	* * *	* * *	* * *
Ratio of shipments of imports to			
total reported shipments--------percent--	* * *	* * *	* * *
Counting scales:			
Shipments by domestic producers-----units--	2,271	* * *	* * *
Shipments by the importer of			
scales from Japan----------do----	0	* * *	* * *
Total----------do----	2,271	* * *	* * *
Ratio of shipments of imports to			
total reported shipments--------percent--	0	* * *	* * *
Total, deli and counting:			
Shipments by domestic producers-----units--	* * *	* * *	* * *
Shipments by importers of scales			
from Japan----------do----	* * *	* * *	* * *
Total----------do----	* * *	* * *	* * *
Ratio of shipments of imports to			
total reported shipments--------percent--	* * *	* * *	* * *

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission, except for data obtained verbally from Ormond, Inc.

Prices

As indicated earlier, electronic digital scales are a relatively new phenomenon and are replacing mechanical scales. Since the electronic digital scales provide more features and incorporate the latest technology, the trend in recent years has been to replace conventional scales with electronic units. As was the case a decade ago with electronic calculators, the prices of electronic digital deli scales have declined gradually since their introduction some 6 years ago. Counting scales are experiencing a similar product cycle trend, showing a general price decline induced mainly by improved productivity and introduction of new electronic technology.

The technology used to produce imported and domestic electronic digital scales, both deli and counting types, is practically the same. Therefore, domestically produced and imported models compete principally on the basis of

features, price, and credit terms and service available from the producer or importer. To facilitate purchase, some sellers help arrange (e.g., through banks or financial companies) leases under which a buyer can rent the scale for 1 or 2 years and then purchase it, with a reduction made from the price to reflect the amount of the accrued rent payments. Other producers offer payment terms extending up to 3 years. Domestic producers are also reported to offer better post-sale service to end users than do importers. Such factors as credit terms, lease arrangements, and service are often more important to prospective buyers of scales than the lower prices occasionally offered by some importers of Japanese-made models.

Price data were obtained by the Commission from domestic producers and importers for sales of electronic digital deli scales and electronic digital counting scales to distributors (or wholesalers) and to end users. One domestic producer (ESI), which reportedly accounts for about one-fourth of total U.S. sales of deli-type electronic digital scales and generally undersells other domestic producers and importers by a large margin, refused to supply data. The available evidence indicates that this firm, a leader in technology and prices, offers strong competition to both importers and other producers.

The average price received by domestic producers (excluding ESI and Hobart) and importers in 1979 for sales of electronic digital deli scales to end users ranged from $1,000 to $1,500, depending on the firm and the capacity of the unit sold. The average price for sales to end users was about $1,200. Prices for sales to distributors in 1979 ranged from about $740 to $1,250, with an average of approximately $850. The average price received by domestic producers and importers in 1979 for sales of electronic digital counting scales to end users ranged from $2,500 to $7,500, depending largely upon the capacity of the unit. Prices for sales of such scales to distributors ranged from $1,500 to $5,600, with an average of about $2,000.

Prices of electronic digital deli scales to distributors.--Most domestically produced electronic digital deli scales are sold through distributors. Data obtained from questionnaires show that during the second half of 1979 prices of domestic 15-pound capacity scales varied from a low of * * * (sold by * * *) to a high of * * * (sold by * * *). Prices received by * * * were in between, namely * * * per unit (table 4). The staff has learned through interviews (as well as testimony at the public hearing), 1/ that ESI sold such scales (actually a 25-pound capacity model) at $550 per unit (in certain quantities), or about * * * percent less than * * *'s price and some * * *

1/ During a visit by the Commission's staff on Dec. 11, 1979, to ESI's offices in San Gabriel, Calif., Mr. Hank Harbers, president of the company stated that the firm's price for sales of its 25-pound capacity electronic digital deli scales to distributors * * *. Various testimony was also presented at the Commission's hearing as to the role of ESI as the price leader in the domestic market (e.g., transcript, pp. 140, 173, 178). In a letter of Apr. 18, 1980, counsel for Chugai International Corp. (an importer of scales from Japan) submitted to the Commission a copy of various price lists and advertisements by ESI which confirmed the above-mentioned price of $550 per unit for sales of 25-pound capacity scales to distributors (in orders of 25 units or more).

percent less than * * *'s price. ESI's comparatively low prices are reportedly due chiefly to its low overhead and labor costs, high level of technology, and effective sales organization. Because of these factors, ESI can undersell not only other domestic producers but importers as well. The firm's price for its 25-pound capacity scales sold in the fourth quarter of 1979 was about * * * percent less than that of the imported 15-pound capacity Japanese scale sold by * * * (for * * *)(table 5).

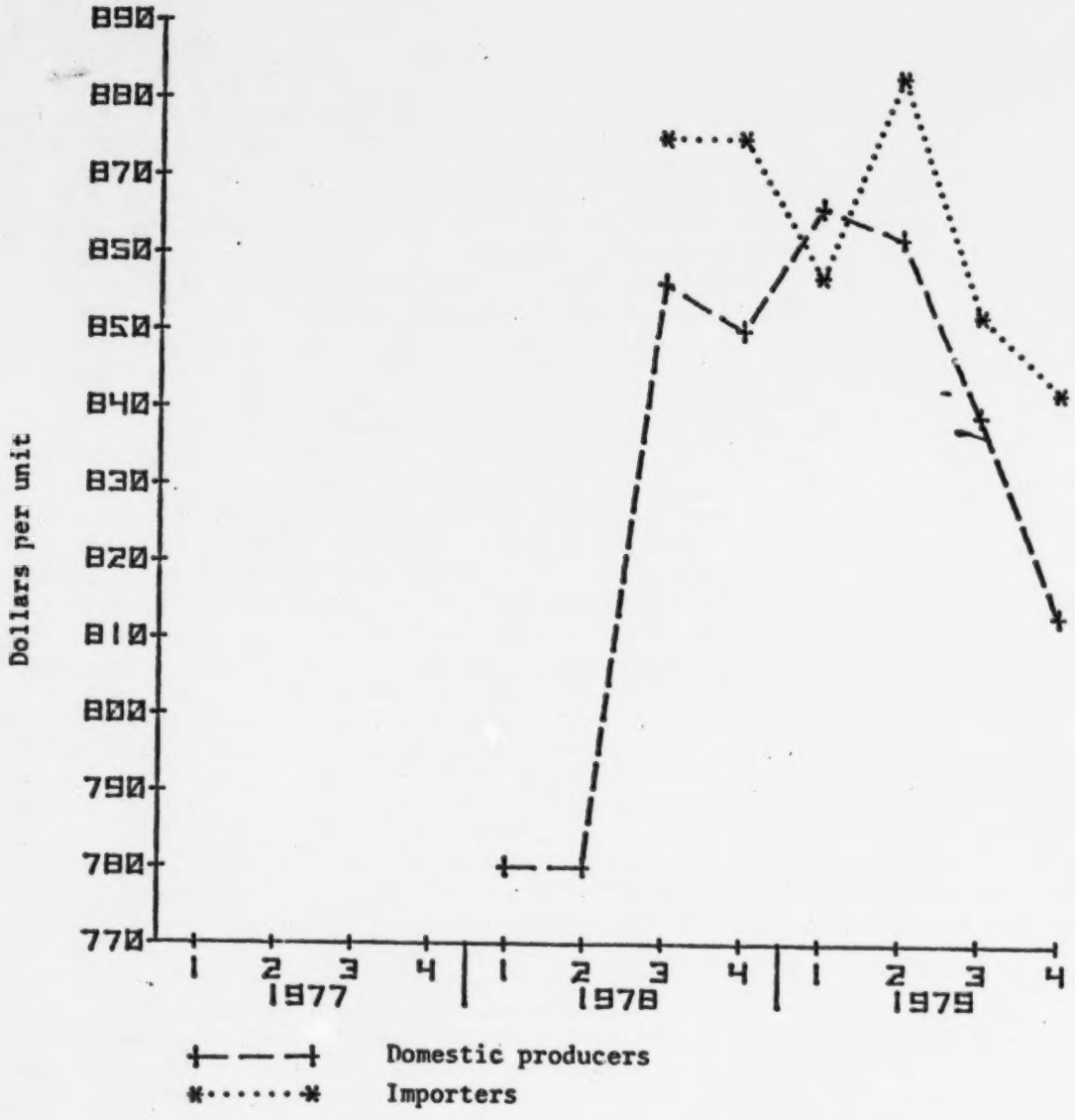
Several domestic producers and importers supplied price data to the Commission on 30-pound capacity scales sold to distributors; such scales were the largest selling item for which price information was received. The figure on the following page summarizes the data obtained on prices received by domestic producers and importers for sales of 30-pound capacity electronic digital deli scales to wholesalers. * * *'s price during the fourth quarter of 1979 was * * * per unit, or * * * percent more than * * *'s price of * * * . The staff has learned that ESI's price for 30-pound capacity units sold to distributors was about * * * ; however, its scales incorporate a number of features not available on other scales. Import prices of 30-pound capacity scales during 1979 varied between * * * and * * * per unit.

Prices of electronic digital deli scales to end users.--Importers reported no sales of 15-pound capacity electronic digital deli scales to end users. Only one domestic producer, * * * , reported sales of 15-pound capacity deli scales to end users. * * *'s prices were * * * in January 1977-June 1978, * * * in July 1978-June 1979, and * * * in July-December 1979 (table 6). No other firms were known to be competing with * * * at the end-user level in this category of scales.

In the 30-pound capacity group, the most expensive deli scales were sold by * * * , the importer of * * * scales from Japan. Its price to end users during July 1978-December 1979 was * * * per unit (table 7). However, the firm's sales of such scales to end users were small, amounting to only about * * * units during 1979. Although * * *'s prices for the same type of scales were higher during January 1977-June 1979 (first at * * * , then * * * , per unit), they declined sharply to * * * during July-December 1979. Thus, * * * has undersold * * * by about * * * percent since mid-1979. Another domestic producer, * * * , undersold * * * by some * * * percent in July 1978-June 1979 and by about * * * percent in July-December 1979, following * * *'s price reduction. The least expensive scales were sold by another importer, * * * , which began importing such scales in * * * . * * *'s prices were first set at * * * , then raised to * * * ; however, the quantities sold were relatively small and the time period too short to properly assess their effect on the prices of comparable domestic products.

Prices of electronic digital counting scales to distributors.--In recent years the general trend in prices of electronic digital counting scales, similar to prices of deli scales, has been downward. For example, the price of 30- to 50-pound capacity counting scales sold by * * * declined from * * * per unit in January 1977-March 1978 to * * * in April 1978-March 1979, and to * * * in April-December 1979, or by about 30 percent during the 3-year period. A similar trend was experienced by * * * , although its prices declined less

Weighted average prices for 30-pound capacity electronic digital deli scales sold by domestic producers and importers to distributors, by quarters, 1977-79.



Source: Compiled from the data in tables 4 and 5 of this report.

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(from * * * in July 1978-March 1979 to * * * in October-December 1979). A third domestic producer, * * * , managed to maintain its price at the same level (* * * per unit) during 1978 and 1979, probably because its price was lower than those of other domestic producers (table 8).

The only importer of Japanese-made counting scales selling to distributors was Metrodyne Corp., which * * *. Metrodyne sold the scales at * * * per unit, or * * * percent more than * * *'s price in the fourth quarter of 1979, * * * percent more than * * *'s price, and * * * percent more than * * *'s price (table 9).

Prices of 2,000-pound capacity counting scales were much higher than those of 30- to 50-pound capacity scales. There were two major competitors in the 2,000-pound capacity group, * * * and * * * . The latter began selling such scales during the fourth quarter of 1977, at * * * per unit, with * * * entering the market in July 1978 with a price of * * * per unit. By the end of 1979 * * *'s prices had declined to * * * , while those of * * * had risen to * * * , almost as high as those of * * * . Nevertheless, * * * sold many times more scales than * * * , probably because * * * began marketing such scales earlier and had established itself as the price leader. Metrodyne, the only importer selling Japanese-made scales in the 2,000-pound capacity group, sold a total of * * * units in 1979, at a price of * * * per unit, or higher than the prices of * * * and * * * .

Prices of electronic digital counting scales to end users.--Only two domestic producers returned questionnaire data on sales of electronic digital counting scales to end users. Larger in terms of sales volume and higher in terms of prices was * * * , which sold its 30- to 50-pound capacity counting scales in January-September 1977 at * * * per unit. * * *'s prices remained near this level until mid-1978. * * * began selling comparable scales at much lower prices (* * * per unit) than those of * * * in early 1978. This competition apparently forced * * * to drop its prices to * * * per unit beginning in July 1978. By the fourth quarter of 1979, * * *'s price for its 30- to 50-pound capacity scales had gradually declined to * * * , or * * * more than * * *'s price (table 10). Although * * * undersold * * * throughout 1978 and 1979, its sales remained small in comparison with those of * * * .

Only Metrodyne sold Japanese electronic digital counting scales to end users. The selling price in 1979 of its 30- to 50-pound capacity scales was * * * per unit, somewhat less than * * *'s price, but more than * * *'s price.

* * * apparently had no domestic competition in sales to end users of electronic digital counting scales of 2,000-pound capacity, since no other recipients of the Commission's questionnaires indicated sales to this segment of the market. In spite of the apparent lack of such competition, * * * lowered its prices gradually from * * * in January-September 1977 to * * * in April-December 1979.

Again, the only importer of Japanese electronic digital counting scales of 2,000-pound capacity selling to end users was Metrodyne, which sold such units at * * * during 1979. The firm sold * * * units during that year; * * * .

Lost sales

In response to that section of the Commission's questionnaire requesting such information, only one firm-- * * * , a producer of electronic digital counting scales--initially reported that it had lost any sales because of imports of scales and weighing machinery from Japan. This firm alleged that its distributors reported losing sales to Metrodyne in two instances; one instance involved an order of * * * scales, based on Metrodyne's price of * * * . In the other instance the amount of the alleged lost sale was not specified, although the distributor reported to * * * that the customer involved had purchased " * * * of counting scales the past year."

In a letter dated April 3, 1980 (the questionnaires were to have been returned by February 8, 1980), Toledo submitted a list of some * * * firms alleged to have replaced existing domestically produced deli scales (presumably mechanical models) with Japanese electronic digital deli scales. 1/ Toledo stated that, based on an average of * * * scales per store, the aggregate lost sales amounted to * * * units. In an attempt to verify such alleged lost sales, the Commission's staff contacted nine firms from this list. The firms contacted included seven end users (including several large supermarket chains) and two distributors. Six of the end users reported purchasing 639 electronic digital deli scales in 1979, only 27 of which were Japanese-made units; the bulk of the 639 scales purchased were produced by * * * and * * * (both other domestic producers). Switches frequently were made to * * * because this firm allegedly provided better service than Toledo. One end user reported switching to * * * because the maintenance costs of Toledo's scales were too high, and the buyer wasn't sure that Toledo was going to stay in the retail scale business. Several other firms switched to scales produced by * * * , citing reasons of price, quality, features, and service. One large customer indicated that it buys nothing but Toledo scales because the customer's operations personnel reported that such scales best met their needs. Finally, one end user reported that it switched to Japanese-made scales imported by * * * because of price and quality considerations.

The two distributors reported adding a line of Japanese-made electronic digital deli scales, although those made by Toledo remained the best selling scales sold by both firms. One of the firms indicated that it enjoyed having an alternative source of supply; furthermore, this firm indicated that the shape of the Japanese scale better suited some of its customers' needs. The firm reported that when it first took on the Japanese line of scales a year ago, the prices of such scales were about * * * percent less than Toledo's prices.

1/ On Apr. 18, 1980, the Commission received a letter from counsel for the firms supporting the petition in which NCI dealers alleged losing sales of about * * * units to Japanese competitors. This letter also contained "examples of sales of electronic deli scales lost by Franklin Electric Company to Japanese imports," although the amount of the alleged lost sales was not specified. Because of the late date on which this information was received, no verification of such alleged lost sales could be made by the Commission.

[redacted]

Currently, however, both lines are priced about the same, because of price reductions made by Toledo. The second wholesaler preferred the Japanese scale for some customers that wanted a low volume scale for prepacking in a medium price range; such scales were reportedly not available from Toledo.

APPENDIX A

ADMINISTERING AUTHORITY'S LETTER TO THE COMMISSION CONCERNING CERTAIN WEIGHING MACHINERY AND SCALES FROM JAPAN

RECEIVED

JAN 7 1980

OFFICE OF THE SECRETARY
U.S. INTL. TRADE COMMISSION

04 JAN 1980

DOCKET NUMBER
#620
Office of the Secretary
Intl. Trade Commission

Dear Mr. Mason:

In accordance with the requirements of the Trade Agreements Act of 1979, the following countervail and antidumping cases are being referred to the Commission for a determination of injury or reasonable indication thereof. With regard to countervail investigations, only those cases involving products from countries which signed the Code at Geneva are being referred.

I. Countervailing Duty Cases in which the collection of duties was waived pursuant to the Trade Act of 1974 (5 cases):

Product	Country
Dairy Products (other than quota cheeses)	Member states of the European Communities
Canned Hams	Member states of the European Communities
Butter Cookies	Denmark
Fish	Canada
Leather Handbags	Brazil

II. Countervailing Duty Cases in which final affirmative determinations were issued between July 26 and December 31, 1979 (2 cases):

Product	Country
Tomato Products	Member states of the European Communities
Potato Starch	Member states of the European Communities

III. Countervailing Duty final affirmative determination with regard to frozen beef from member states of the European Communities (1 case).

IV. Countervailing Duty investigations in which a preliminary affirmative determination (but no final determination) has been issued (8 cases):

Product	Country
Corn Starch	Member states of the European Communities

Valves	Italy
Rayon Staple Fiber	Austria
Valves	Japan
Scales	Japan
Malleable Pipe Fittings	Japan
Firearms	Brazil
Ferroalloys	Brazil

V. Countervailing Duty Cases which have been initiated, but for which no preliminary or final determination has been issued (4 cases):

Product	Country
Frozen Potato Products	Canada
Roses	Netherlands
Glass Lined Steel Reactor Pressure Vessels	France
Chains and Parts	Japan

VI. Antidumping Cases for which there have been preliminary affirmative determinations, but no final determinations (3 cases):

Product	Country
Portable Typewriters	Japan
Melamine	Austria
Melamine	Italy

VII. Antidumping Cases which have been initiated, but for which no preliminary or final determinations have been issued (9 cases):

Product	Country
Sodium Hydroxide	United Kingdom
Sodium Hydroxide	West Germany
Sodium Hydroxide	Italy
Sodium Hydroxide	France
Rail Passenger Cars	Italy

BEST DOCUMENT AVAILABLE

Rail Passenger Cars	Japan
Electric Motors	Japan
Microwave Ovens	Japan
Canned Clams	Canada

If you have any questions regarding any of these cases, please feel free to contact me or members of my staff at 566-2323.

Regards,

Richard B. Self

Richard B. Self
Director, Office of Policy
Office of the Assistant Secretary
for Trade Administration

cc: Dave Binder

Mr. Kenneth R. Mason
Secretary to the Commission
U.S. International Trade Commission
Washington, D.C. 20436

APPENDIX B

U.S. INTERNATIONAL TRADE COMMISSION NOTICES

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, D.C. 20436

701-TA-4 (Final) thru 701-TA-19 (Final)
Notice of Institution of Countervailing Duty
Investigations and Scheduling of Hearings

AGENCY: United States International Trade Commission

ACTION: Institution of sixteen countervailing duty investigations to determine whether with respect to the articles involved an industry in the United States is materially injured, or is threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of subsidized imported merchandise.

EFFECTIVE DATE: January 1, 1980.

FOR FURTHER INFORMATION CONTACT: The supervisory investigator assigned by the Commission to the particular investigation for which the information is sought. The assignments of supervisory investigators and their telephone numbers at the Commission are designated below.

SUPPLEMENTARY INFORMATION: The Trade Agreements Act of 1979, section 102(a)(2), requires the Commission to conduct countervailing duty investigations in cases where on January 1, 1980, the Secretary of the Treasury has made a preliminary determination, but not a final determination, under section 303 of the Tariff Act as to whether a bounty or grant is being paid or bestowed. Accordingly, the Commission hereby gives notice that, effective as of January 1, 1980, it is instituting the following investigations pursuant to section 705 of the Tariff Act of 1930, as added by

title I of the Trade Agreements Act of 1979. These investigations will be subject to the provisions of Part 207 of the Commission's Rules of Practice and Procedure (19 CFR 207, 44 FR 76457) and, particularly, Subpart C thereof, effective January 1, 1980.

Written submissions. Any person may submit to the Commission on or before the prehearing statement due date specified below for the relevant investigation a written statement of information pertinent to the subject matter of the investigation. A signed original and nineteen true copies of such statements must be submitted.

Any business information which a submitter desires the Commission to treat as confidential shall be submitted separately and each sheet must be clearly marked at the top "Confidential Business Data." Confidential submissions must conform with the requirements of section 201.6 of the Commission's Rules of Practice and Procedure (19 CFR 201.6). All written submissions, except for confidential business data, will be available for public inspection.

Hearings. The Commission has scheduled a hearing in each investigation on the date specified below. A report containing preliminary findings of fact prepared by the Commission's professional staff will be made available to all interested persons prior to the hearing. Any person's prehearing statement must be filed on or before the indicated date. All parties that desire to appear at the hearing and make oral presentations must file prehearing statements. For further information consult the Commission's Rules of Practice and Procedure, Part 207, Subpart C (44 FR 76457), effective January 1, 1980.

COUNTERVAILING DUTY INVESTIGATIONS

Inv. No.	Product/Country	Tentative hearing date	Hearing location	Contact person
701-TA-4 (Final)	Taps, cocks, valves and similar devices, and parts thereof, provided for in TSUS items 680.14, 680.17, 680.19, 680.25, and 680.27/Italy	Apr. 2, 1980	ITC Building Washington, D.C.	John MacHatton 523-0439
701-TA-5 (Final)	Taps, cocks, valves and similar devices, and parts thereof, provided for in TSUS items 680.14, 680.17, 680.19, 680.25, and 680.27/Japan	Apr. 2, 1980	ITC Building Washington, D.C.	John MacHatton 523-0439
701-TA-6 (Final)	Viscose rayon staple fiber, provided for in TSUS item 309.43/Austria	Apr. 3, 1980	ITC Building Washington, D.C.	Vera Libeau 523-0368
701-TA-7 (Final)	Weighing machinery & scales, provided for in TSUS items 662.26 and 662.30/Japan	Apr. 4, 1980	ITC Building Washington, D.C.	John MacHatton 523-0439
701-TA-8 (Final)	Rifles, shotguns and combination shotguns and rifles, provided for in TSUS items 730.23 through 730.59 and parts of each of the foregoing, provided for in TSUS items 730.63 through 730.77/Brazil	Apr. 5, 1980	ITC Building Washington, D.C.	Bruce Cates 523-0368
701-TA-9 (Final)	Malleable pipe fittings, of iron or steel, provided for in TSUS item 610.74/Japan	Apr. 7, 1980	ITC Building Washington, D.C.	Lynn Featherstone 523-1376
701-TA-10 (Final)	Ferroalloys, provided for in TSUS items 606.24, 606.30, 606.36, 606.37, and 606.44/Brazil	Apr. 8, 1980	ITC Building Washington, D.C.	Daniel Leahy 523-1369
701-TA-11 (Final)	Dextrines and soluble or chemically treated starches derived from corn starch, provided for in TSUS item 493.30/Belgium	Apr. 9, 1980	ITC Building Washington, D.C.	John MacHatton 523-0439
701-TA-12 (Final)	Dextrines and soluble or chemically treated starches derived from corn starch, provided for in TSUS item 493.30/Denmark	Apr. 9, 1980	ITC Building Washington, D.C.	John MacHatton 523-0439
701-TA-13 (Final)	Dextrines and soluble or chemically treated starches derived from corn starch, provided for in TSUS item 493.30/Federal Republic of Germany	Apr. 9, 1980	ITC Building Washington, D.C.	John MacHatton 523-0439

COUNTERVAILING DUTY INVESTIGATIONS

Inv. No.	Product/Country	Tentative hearing date	Hearing location	Contact person
701-TA-14 (Final)	Dextrines and soluble or chemically treated starches derived from corn starch, provided for in TSUS item 493.30/France	Apr. 9, 1980	ITC Building Washington, D.C.	John MacHatton 523-0439
701-TA-15 (Final)	Dextrines and soluble or chemically treated starches derived from corn starch, provided for in TSUS item 493.30/Ireland	Apr. 9, 1980	ITC Building Washington, D.C.	John MacHatton 523-0439
701-TA-16 (Final)	Dextrines and soluble or chemically treated starches derived from corn starch, provided for in TSUS item 493.30/Italy	Apr. 9, 1980	ITC Building Washington, D.C.	John MacHatton 523-0439
701-TA-17 (Final)	Dextrines and soluble or chemically treated starches derived from corn starch, provided for in TSUS item 493.30/Luxembourg	Apr. 9, 1980	ITC Building Washington, D.C.	John MacHatton 523-0439
701-TA-18 (Final)	Dextrines and soluble or chemically treated starches derived from corn starch, provided for in TSUS item 493.30/Netherlands	Apr. 9, 1980	ITC Building Washington, D.C.	John MacHatton 523-0439
701-TA-19 (Final)	Dextrines and soluble or chemically treated starches derived from corn starch, provided for in TSUS item 493.30/United Kingdom	Apr. 9, 1980	ITC Building Washington, D.C.	John MacHatton 523-0439

By order of the Commission.

Kenneth R. Mason
Secretary

Issued: January 10, 1980

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, D.C. 20436

Investigation NO. 701-TA-7 (Final)

WEIGHING MACHINERY AND SCALES FROM JAPAN

Notice of Change of Date of Hearing

Notice is hereby given that the hearing in this investigation will be held beginning at 10 a.m., e.s.t., Monday, April 14, 1980, in the Commission's Hearing Room, U.S. International Trade Commission Building, 701 E Street, NW., Washington, D.C. 20436. A tentative hearing date of April 4, 1980, had previously been announced in the Commission's notice of institution of the investigation as published in the Federal Register of January 17, 1980 (45 F.R. 3400).

The Commission will prepare and place on the record by March 24, 1980, a staff report containing preliminary findings of fact. The public portion of the staff report will be made available to all interested persons on March 24, 1980. Parties to the investigation will submit to the Commission a prehearing statement no later than April 8, 1980. Prehearing statements proferred after the close of business, April 8, 1980, will not be accepted. Each prehearing statement should include the following:

(a) Exceptions, if any, to the preliminary findings of fact contained in the staff report;
(b) Any additional or proposed alternative findings of fact;
(c) Proposed conclusions of law; and
(d) Any other information and arguments which the party believes relevant to the Commission's determination in this investigation.

The Commission has waived Commission rule 201.12(d) as amended, "Submission of prepared statements" in connection with this investigation. This rule stated that "Copies of witnesses' prepared statements should be filed with the Office of the Secretary of the Commission not later than 3 business days prior to the

hearing and submission of such statements shall comply with sections 201.6 and 201.8 of this subpart." It is nevertheless the Commission's request that parties submit copies of witnesses' prepared testimony as early as practicable before the hearing in order to permit Commission review.

By order of the Commission.

Kenneth R. Mason
Secretary

Issued:

APPENDIX C

TREASURY NOTICES CONCERNING CERTAIN WEIGHING MACHINERY AND SCALES FROM JAPAN AS PUBLISHED IN THE FEDERAL REGISTER

BEST DOCUMENT AVAILABLE

Pursuant to section 303(a)(4), Tariff Act of 1930, as amended (19 U.S.C. 1303(a)(4)), the Secretary of the Treasury is required to issue a preliminary determination as to whether or not any bounty or grant is being paid or bestowed within the meaning of that statute within six months of receipt, in satisfactory form, of a petition alleging the payment or bestowal of a bounty or grant. A final determination must be issued within twelve months of the receipt of such petition.

Therefore, a preliminary determination on this petition will be made no later than August 16, 1979, as to whether or not the alleged payments or bestowals conferred by the Government of Japan upon the manufacture, production or exportation of merchandise described above constitute a bounty or grant within the meaning of section 303, Tariff Act of 1930, as amended. A final determination will be issued no later than February 16, 1980.

Pursuant to Reorganization Plan No. 26 of 1950 and Treasury Department Order 190, Revision 15, March 16, 1978, the provisions of Treasury Department Order No. 165, Revised, November 2, 1954, and § 159.47 of the Customs Regulations (19 CFR 159.47), insofar as they pertain to the initiation of a countervailing duty investigation by the Commissioner of Customs, are hereby waived.

ROBERT H. MUNDHEIM,
General Counsel of the Treasury.
MARCH 22, 1979.

[FR Doc. 79-9556 Filed 3-28-79; 8:45 am]

[4810-22-M]

CERTAIN SCALE AND WEIGHING MACHINERY FROM JAPAN

Receipt of Countervailing Duty Petition and Initiation of Investigation

AGENCY: U.S. Customs Service, Treasury Department.

ACTION: Initiation of countervailing duty investigation.

SUMMARY: This notice is to advise the public that a satisfactory petition has been received and that an investigation has been started for the purpose of determining whether or not benefits are paid by the Government of Japan to manufacturers/exporters of certain scale and weighing machinery which constitute the payment of a bounty or grant within the meaning of the U.S. countervailing duty law. A preliminary determination will be made not later than August 15, 1979, and a final determination not later than February 15, 1980.

EFFECTIVE DATE: March 29, 1979.

FOR FURTHER INFORMATION CONTACT:

David R. Chapman, Operations Officer, U.S. Customs Service, Office of Operations, Duty Assessment Division, Technical Branch, 1301 Constitution Avenue NW., Washington, D.C. 20229 (202-566-5492).

SUPPLEMENTARY INFORMATION: A petition in satisfactory form was received on February 15, 1979, alleging that benefits conferred by the Government of Japan upon the manufacture, production or exportation of certain scale and weighing machinery from Japan constitute the payment or bestowal of a bounty or grant within the meaning of section 303, Tariff Act of 1930, as amended (19 U.S.C. 1303).

The merchandise specified in the petition is described as fully automatic weighing machinery requiring no manual operation for weight determinations, and accurate to 1/10 of 1 percent or better of the maximum weighing capacity, on weight tests within the weighing range of the scale, as provided for under item 662.26 of the Tariff Schedules of the United States (TSUS), and other weighing machinery and scales as provided for under item 662.30 of the Tariff Schedules of the United States (TSUS).

The bounties or grants alleged in the petition are as follows:

(1) "The Temporary Measures Act for Small and Midsize Business with Regard to the High Yen Exchange Market" established a number of methods by which the Japanese Government can provide assistance to small and midsize businesses which are export oriented and whose competitive position has been adversely affected by the rapid appreciation of the yen. These include:

(a) Preferential financing at interest rates lower than those commercially available from the National Finance Corporation, the Okinawa Development Finance Corporation, the Small Business Finance Corporation, the Central Bank for Commercial and Industrial Cooperatives, and from so-called "Authorized Cooperative" trade associations.

(b) Preferential financing from the same sources as mentioned above for the building of facilities necessary for conversion of manufacturing operations.

(c) Those firms which previously had been granted loans under the "Medium and Small Enterprises Modernization Financing Assistance Law" were allowed to defer repayment for up to three years.

(d) Various government credit guarantees which liberalize the coverage limitations and reduce premiums for eligible firms.

(e) Revision of an already existing law, to now allow eligible firms to carry-back losses incurred currently the preceding three fiscal years. Furthermore, in order to lessen the burden of local taxes, an eligible firm can carry forward losses to succeeding fiscal periods.

(2) A five year deferral of income taxes to be paid on export earnings through the operation of the Oversees Market Development Reserve (OMDR).

(3) Promotional assistance provided by the Japanese External Trade Organizational (JETRO).

(4) Preferential financing to small and midsize enterprises from Government owned banks including the Small Business Finance Corporation, the Peoples Finance Corporation and the Bank for Commerce and Industrial Cooperatives.

Pursuant to section 303(a)(4) of the Tariff Act of 1930, as amended (19 U.S.C. 1303(a)(4)), the Secretary of the Treasury is required to issue a preliminary determination within 6 months of the receipt of a petition in proper form and a final determination within 12 months of the receipt of such petition, as to whether or not any bounty or grant is being paid or bestowed within the meaning of the statute.

Therefore, a preliminary determination on this petition will be made no later than August 15, 1979, as to whether or not the alleged payments or bestowals conferred by the Government of Japan upon the manufacture, production or exportation of the merchandise described above constitute a bounty or grant within the meaning of section 303, Tariff Act of 1930, as amended. A final determination will be issued no later than February 15, 1980.

This notice is published pursuant to section 303(a)(3) of the Tariff Act of 1930, as amended (19 U.S.C. 1303(a)(3)).

Pursuant to Reorganization Plan No. 26 of 1950 and Treasury Department Order 190 (Revision 15), March 16, 1978, the provision of Treasury Department Order 165, Revised, November 2, 1954, and § 159.47 of the Customs Regulations (19 CFR 159.47), insofar as they pertain to the initiation of a countervailing duty investigation by the Commissioner of Customs, are hereby waived.

ROBERT H. MUNDHEIM,
General Counsel of the Treasury.
MARCH 22, 1979.

[FR Doc. 79-9557 Filed 3-28-79; 8:45 am]

Issued on August 21, 1979.

W. H. Close,

Acting Associate Administrator for Research and Development.

[FR Doc. 79-26331 Filed 8-21-79 11:07 am]

BILLING CODE 4910-59-M

DEPARTMENT OF THE TREASURY

Customs Service

Certain Scales and Weighing Machinery From Japan Preliminary Countervailing Duty Determination

AGENCY: U.S. Customs Service, Treasury Department.

ACTION: Preliminary Countervailing Duty Determination.

SUMMARY: This notice is to inform the public that a countervailing duty investigation has resulted in a preliminary determination that the Government of Japan has given benefits which may constitute bounties or grants on the manufacture, production, or exportation of certain scales and weighing machinery. If a final determination is not reached prior to December 31, 1979, then in accordance with section 102(a)(2) of the Trade Agreements Act of 1979, it will be made no later than March 17, 1980. Interested persons are invited to comment on this action.

EFFECTIVE DATE: August 23, 1979.

FOR FURTHER INFORMATION CONTACT: David R. Chapman, Duty Assessment Division, U.S. Customs Service, 1301 Constitution Avenue NW., Washington, D.C. 20229 telephone (202) 566-5492.

SUPPLEMENTARY INFORMATION: On March 29, 1979 a notice of "Receipt of Countervailing Duty Petition and Initiation of Investigation" was published in the Federal Register (44 FR 18781). The notice stated that a petition had been received alleging that payments or bestowals conferred by the Government of Japan upon the manufacture, production or exportation of certain scales and weighing machinery from Japan constitute the payment or bestowal of a bounty or grant within the meaning of section 303 of the Tariff Act of 1930 as amended (19 U.S.C. 1303) (referred to in this notice as the "Act"). The scales or weighing machinery referred to in that notice enter the United States under item numbers 662.26 and 662.30 of the Tariff Schedules of the United States (TSUS).

On the basis of an investigation conducted pursuant to § 159.47(c) of the Customs Regulations (19 CFR 159.47(c)), it has preliminarily been determined that certain programs of the Government of Japan provide benefits to manufacturers and/or exporters of the subject merchandise which may constitute bounties or grants within the meaning of section 303 of the Act. These benefits have been conferred under the following programs:

(1) A five year deferral of income taxes to be paid on export earnings through the operation of the Overseas Market Development Reserve (OMDR). Additional information is required in order to determine the benefits derived from this program.

(2) Export promotional assistance from the Japan External Trade Organization (JETRO). This assistance is general in nature and not oriented to the export promotion of specific products. Treasury has, in past determinations, determined that this program results in the payment or bestowal of a bounty or grant on the grounds that these activities, at least indirectly, defray costs which would otherwise be incurred by the exporters involved and to that extent may subsidize the industry under consideration. However, information has been presented indicating that JETRO has altered its activities to include the promotion of imports into Japan. The changed nature of JETRO's overall mission, particularly its activities relating to import assistance and promotion, has led Treasury to reconsider whether JETRO expenditures are countervailable. While this form of assistance is preliminary regarded as a bounty or grant, the Treasury invites public comment as to the appropriate resolution of this issue.

It has also been preliminarily determined that certain programs of the Government of Japan do not constitute bounties or grants because the programs are not utilized by members of the industry under investigation. These programs are established under "the Temporary Measures Act for Small and Midsize Businesses with Regard to the High Yen Exchange Market" (High Yen Act). The High Yen Act includes provisions relating to:

(a) Financing at interest rates lower than those commercially available, from the Small Business Finance Corporation, the Central Bank for Commercial and Industrial Cooperatives, and the Peoples Finance Corporation.

(b) Deferred repayment of loans for up to three years for firms which had previously been granted loans under the "Medium and Small Interprises Modernization Financing Assistance Law".

(c) Various government credit guarantees which liberalize coverage limits and reduce premiums for eligible firms.

(d) Provision for carryback of current losses over a three year period, in respect of income, corporate and local taxes.

It has also been preliminarily determined that incentives, such as preferential financing, made by the People's Finance Corporation, the Bank for Commerce and Industrial Co-operatives, and the Small Business Finance Corporation, to small and midsize businesses, do not constitute a bounty or grant, in view of the absence of criteria establishing export performance as a precondition to obtaining such loans combined with the fact that no more than 15 percent of Japanese scales and weighing machinery is exported.

Accordingly, it is preliminarily determined that bounties or grants, within the meaning of section 303 of the Act, are being paid or bestowed, directly or indirectly, upon the manufacture, production or exportation of certain scales and weighing machinery from Japan. If the final determination is not made by December 31, 1979, then in accordance with section 102(a)(2) of the Trade Agreements Act of 1979, a final determination will be made no later than March 17, 1980.

Before a final determination is made consideration will be given any relevant data, views or arguments submitted in writing with respect to this preliminary determination. Submissions should be addressed to the Commissioner of Customs, 1301 Constitution Avenue, N.W. Washington, D.C. 20229, in time to be received by his office no later than September 24, 1979. Any request for an opportunity to present views orally should accompany such submission and a copy of all submissions should be delivered to any counsel that has heretofore represented any party to these proceedings.

This preliminary determination is published pursuant to section 303(a) of the Tariff Act of 1930, as amended (19 U.S.C. 1303(a)).

Pursuant to Reorganization Plan number 26 of 1950 and Treasury Department Order no 101-5, May 16, 1979, the provisions of Treasury Department Order no. 165, revised, November 2, 1954 and § 159.47 of the Customs Regulations (19 CFR 159.47), insofar as they pertain to the issuance of a preliminary countervailing duty

APPENDIX D

LETTER TO THE COMMISSION FROM THE
COMMERCE DEPARTMENT ADVISING
OF ITS FINAL DETERMINATION

UNITED STATES DEPARTMENT OF COMMERCE
International Trade Administration
Washington, D.C. 20230

20 MAR 1980

The Honorable
Catherine Bedell
Chairman, International
Trade Commission
Washington, D.C. 20436

Dear Madam Chairman:

In accordance with section 705(a)(1) of the Tariff Act of 1930, as amended ("the Act"), the Department of Commerce has determined that the Government of Japan has given subsidies to producers and exporters of malleable pipe fittings of cast iron and certain scales and weighing machinery. Furthermore, Commerce has preliminarily determined, in accordance with section 703(b) of the Act, that the Government of Pakistan has given subsidies to producers and exporters of certain textile products and men's and boys' apparel.

Pursuant to sections 705(c)(1) and 703(d)(3) of the Act, you are hereby formally advised of these determinations. The bases of these determinations are specified in the attached copies of the respective Federal Register notices.

The Commission will be given access to all nonconfidential information in our files regarding the above-cited investigations. In accordance with section 355.18(d)(2), Commerce Regulations (19 CFR 355.18(d)(2)), confidential information will be made available to the Commission only upon confirmation that the confidentiality of such information will be maintained and that it will not be disclosed, either publicly or under an administrative protective order, without the express, written consent of the Assistant Secretary for Trade Administration.

Sincerely,

Stanley J. Marcuss
Acting Assistant Secretary
for Trade Administration

Enclosures

BEST DOCUMENT AVAILABLE

3510-22

DEPARTMENT OF COMMERCE
INTERNATIONAL TRADE ADMINISTRATION

CERTAIN SCALES AND WEIGHING MACHINERY
FROM JAPAN

FINAL COUNTERVAILING DUTY DETERMINATION

AGENCY: International Trade Administration
U.S. Department of Commerce

ACTION: Final Countervailing Duty Determination

SUMMARY:

This notice is to inform the public that a countervailing duty investigation has resulted in a determination that the Government of Japan has given benefits which constitute subsidies within the meaning of the countervailing duty law on the manufacture, production, or exportation of certain scales and weighing machinery. Suspension of liquidation of entries shall continue, and cash deposit, bond or other security equal to the amount of the aggregate net subsidy set forth herein will be required at the time of entry in addition to duties normally collected on dutiable shipments of this merchandise.

EFFECTIVE DATE:

(Date of publication in the Federal Register).

FOR FURTHER INFORMATION CONTACT:

Charles F. Goldsmith, Office of Import Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, N.W., Washington, D.C. 20230; telephone (202)566-2951.

SUPPLEMENTARY INFORMATION:

On August 23, 1979, a notice of "Preliminary Countervailing Duty Determination" was published in the Federal Register (44 Fed. Reg. 49549). The notice stated that benefits bestowed by the Government of Japan on the manufacture, production, or exportation of certain scales and

weighing machinery constitute the payment of bounties or grants within the meaning of section 303, Tariff Act of 1930, as amended (19 U.S.C. 1303) (referred to as the "Act").

In a notice published in the Federal Register on February 27, 1980 (45 Fed. Reg. 12860), the Department informed the public that under the terms of section 102(a) of the Trade Agreements Act of 1979 (93 Stat. 189, 19 U.S.C. 1671 note) investigations under section 303 of the Act (19 U.S.C. 1303) which were pending when Title I of the Trade Agreements Act became effective on January 1, 1980 terminated. Furthermore, in investigations such as scales and weighing machinery where a preliminary, but not a final, determination had been made by January 1, the matter was to be treated as if a preliminary determination under section 703 of the Act (93 Stat. 152, 19 U.S.C. 1671(b) had been made on January 1, 1980.

In accordance with section 703(d) of the Trade Agreements Act (93 Stat. 153, 19 U.S.C. 1671(d)), the aggregate net amount of the subsidies provided, directly or indirectly, upon the manufacture, production or exportation of this merchandise was estimated to be 1 percent ad valorem; liquidation of entries was suspended effective January 1, 1980; and from January 1 until further notice, a cash deposit, bond or other security in an amount equal to the net subsidy was required on all entries, or withdrawals from warehouse, for consumption. Imports covered by this investigation enter the United States under item numbers 662.26 and 662.30 of the Tariff Schedules of the United States Annotated (TSUSA).

The preliminary determination stated that benefits were provided under the following program:

(1) A 5-year deferral of income tax to be paid on export earnings through the operation of the Overseas Market Development Reserve (OMDR).

(2) Export promotional assistance from the Japan External Trade Organization (JETRO).

It was also preliminarily determined that certain other programs did not constitute subsidies, because the programs were not utilized by members of the industry under investigation. These programs are established under the "Temporary Measures Act for Small and Medium-Sized Businesses with Regard to the High Yen Exchange Market" (High Yen Act). The High Yen Act includes provisions relating to: (1) financing at interest rates lower than those commercially available; (2) deferred repayment of loans for up to 3 years for firms which had previously been granted loans under a preexisting program; (3) export insurance at premium rates lower than those commercially available; and (4) provisions for carryback of current year losses over a 3-year period on corporate and local taxes.

It was also preliminarily determined that certain incentives to small and medium-sized businesses, such as preferential financing made by the People's Finance Corporation, the Bank for Commerce and Industrial Cooperatives, and the Small Business Finance Corporation did not constitute a subsidy. This conclusion was based on the fact that the programs involved are strictly domestic in nature, and a significant share of production of the subject merchandise was not exported. However, on November 29, 1979, the Court of Customs and Patent Appeals overturned the use of

the administrative practice applied in this conclusion (ASG Industries v. United States, C.A.D. 1237). Accordingly, the existence and utilization of such benefits must be examined in the instant case.

Section 776 of the Tariff Act of 1930, as amended (93 Stat. 186, 19 U.S.C. 1677e) requires that all information used in final determinations be verified. Whenever such information is not produced in the form required in a timely manner, the Department shall use the best information otherwise available. Verification in this case did not occur in time for its consideration in the final determination. The estimated countervailing duty reached in this determination may be revised after the opportunity has been taken to analyze the results of this verification.

It is hereby determined that the Government of Japan provides subsidies with respect to all programs discussed above, regardless of the conclusions presented in the preliminary determination. Based on the best information available to Commerce, in accordance with section 355.33(d) and 355.39(b) of the Commerce Regulations (19 CFR 355.33(d), 355.39(b), 45 Fed. Reg. 4946, 4947), and until further notice, the net amount of the subsidies provided on the merchandise subject to this determination has been estimated to be 4 percent of the f.o.b. value of the subject merchandise imported from Japan. This amount is determined based on an overall analysis of the potential impact of the programs found to be countervailable.

ective on or after the publication date of this notice, and until further notice, upon the entry, or withdrawal from warehouse, for consumption of such scales and weighing machinery which benefit from these subsidies and are imported directly or indirectly from Japan, there shall be collected, in addition to any other duties determined or estimated to be due, estimated countervailing duties in the form of cash deposit, bond or other security in the amount ascertained in accordance with the above declaration. The suspension of liquidation ordered in the notice published in the Federal Register of February 27, 1980 (45 Fed. Reg. 12860), remains in effect until further notice. However, the cash deposit, bond or other security required for entries made subsequent to the date of publication of this final determination shall be in an amount equal to the estimated net subsidies declared herein. To the extent that it can be established to the satisfaction of the Assistant Secretary for Trade Administration that imports of the subject merchandise from Japan are benefiting from a subsidy smaller than the amount which otherwise would be applicable under the above declaration, the smaller amount so established shall be collected.

This determination is being referred to the U.S. International Trade Commission under section 705(c) of the Act (93 Stat. 160, 19 U.S.C. 1671(c)).

Any merchandise subject to the terms of this order shall be deemed to have benefited from a subsidy if such subsidy has been or will be provided, directly or indirectly, upon the manufacture, production or exportation of scales and weighing machinery from Japan.

This final determination is published pursuant to section 705(a)(1), Tariff Act of 1930, as amended (93 Stat. 159, 19 U.S.C. 1671d(a)(1)).

Stanley J. Marcuss
Acting Assistant Secretary for
Trade Administration

17 MAR 1980

APPENDIX E

LETTER TO THE COMMISSION ON BEHALF
OF THE RELIANCE ELECTRIC CO.

BEST DOCUMENT AVAILABLE

[redacted]

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OFFICE OF THE CHAIRMAN
U.S.I.T.C.

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OFFICE OF THE SECRETARY
U.S. INTL. TRADE COMMISSION

March 10, 1980

Honorable Catherine Bedell
Chairman
U.S. International Trade Commission
701 E Street, N.W.
Washington, D.C. 20436

Re: Countervailing Duty Investigation
No: 701-TA-7 (Final): Certain Scales
and Weighing Machinery from Japan

Dear Madam Chairman:

On behalf of petitioner, Toledo Scale Division, Reliance Electric Company, we hereby request that the Commission limit its investigation to the injury caused by imports of electronic digital "deli" scales (not including printers used with such scales, or these scales that perform "counting" functions) which enter the United States under TSUSA item 662.2610. These scales are used exclusively in food retailing establishments. The industry in the United States which manufactures a "like product", as defined in Section 771(10) of the Tariff Act of 1930, is the industry which we believe is being materially injured by reason of imports from Japan. When the petition for assessment of countervailing duties was filed on February 12, 1979, there was, of course, no injury test in the countervailing duty law. Thus, there was no reason to limit allegations of subsidization to those products the importation of which causes injury. It now appears that the principal cause for concern among domestic manufacturers is with respect to imports of subsidized "deli" scales from Japan.

We also request that the hearing in the instant proceeding scheduled for April 4, 1980, be rescheduled a week later. This delay is necessary to provide petitioner sufficient time to develop information relating to injury which would supplement the information currently being developed by the Commission. The Commission, we were recently informed, has encountered difficulty in getting adequate responses to its questionnaires.

We believe that if petitioner is granted the requested delay, it can collect additional information from the domestic industry, and thus assist the Commission in its efforts to compile the requisite information as to injury.

We also ask that this request receive expedited treatment and that we be informed as soon as a decision is reached in this matter.

Sincerely yours,

Peter Buck Feller

Peter Buck Feller
On Behalf of
Toledo Scale Division
Reliance Electric Company

PBF:aj
cc: R. Shewmaker

APPENDIX F

STATISTICAL TABLES

Table 1.--Scales and balances, except laboratory types: Various statistics for establishments classified in industry No. 3576 of the Standard Industrial Classification, 1967, 1972, and 1977

Item	1967	1972	1977
Number of establishments:			
Total	76	96	102
With 20 employees or more	34	43	45
All employees:			
Number----------1,000--	6.5	6.7	7.0
Payroll----------million dollars--	45.6	59.3	83.6
Production workers:			
Number----------1,000--	4.3	4.1	4.6
Hours----------million--	8.5	8.6	9.1
Wages----------million dollars--	24.0	32.5	46.5
Value added by manufacture----------do----	90.0	129.7	213.2
Cost of materials----------do----	51.3	74.3	138.2
Value of shipments----------do----	140.2	200.4	346.0
Net capital expenditures----------do----	5.1	5.7	6.8
Gross value of fixed assets----------do----	32.9	48.0	77.0
End-of-year inventories----------do----	36.1	47.5	85.1
Value of product shipments of scales and balances, except laboratory:			
Motor truck scales---------million dollars--	18.8	13.8	27.7
Railroad track scales----------do----		1.7	5.1
Industrial scales----------do----	55.0	68.1	124.5
Retail and commercial scales----------do----	19.6	37.7	62.6
Household and person weighing scales--do----	15.6	26.3	38.1
Mailing and parcel post scales--------do----	3.2	3.3	8.1
Accessories and attachments----------do----	2.3	3.5	15.8
Parts----------do----	8.6	14.8	28.9
Miscellaneous scales and balances-----do----	8.3	12.9	16.1
Total----------do----	131.4	182.1	326.9

Source: U.S. Department of Commerce, Census of Manufactures, 1972 and 1977.

BEST DOCUMENT AVAILABLE

Table 2.--Certain scales and weighing machinery: U.S. imports for consumption, by principal sources, 1975-79

(In thousands of dollars)

Year and item	Hong Kong	Japan	Switzerland	Belgium	West Germany	United Kingdom	Netherlands	All other	Total
1975:									
Automatic weighing machines, 1/20 of 1 percent accuracy	-	1,896	507	1,756	813	62	509	402	5,945
Weighing machinery and scales, n.e.s.	346	226	107	103	1,026	430	80	1,417	3,735
Total	346	2,122	614	1,859	1,839	492	589	1,819	9,680
1976:									
Automatic weighing machines, 1/20 of 1 percent accuracy	4	2,301	958	1,375	980	248	242	255	6,363
Weighing machinery and scales, n.e.s.	327	797	282	362	872	564	45	1,572	4,821
Total	331	3,098	1,240	1,737	1,852	812	287	1,827	11,184
1977:									
Automatic weighing machines, 1/20 of 1 percent accuracy	4	2,317	1,082	1,666	805	70	256	385	6,585
Weighing machinery and scales, n.e.s.	670	644	449	291	1,728	750	29	1,873	6,434
Total	674	2,961	1,531	1,957	2,533	820	285	2,258	13,019
1978:									
Automatic digital weighing machines, 1/20 of 1 percent accuracy	-	2,406	2,384	-	853	14	-	125	5,782
Automatic weighing machines, 1/20 of 1 percent accuracy, except digital	14	859	365	3,399	873	189	57	55	5,811
Subtotal	14	3,265	2,749	3,399	1,726	203	57	180	11,593
Digital weighing machines, except automatic	920	247	16	2	156	39	56	119	1,549
Other weighing machines, except digital and automatic	581	423	164	26	1,393	490	166	1,460	4,703
Parts of weighing machines and scales	1,090	354	190	526	248	167	81	737	3,393
Subtotal	2,591	1,024	370	554	1,797	696	297	2,316	9,645
Total	2,605	4,289	3,119	3,953	3,523	899	354	2,496	21,238
1979:									
Automatic digital weighing machines, 1/20 of 1 percent accuracy	-	4,698	3,512	7	698	99	-	242	9,256
Automatic weighing machines, 1/20 of 1 percent accuracy, except digital	12	1,836	277	2,492	714	257	7	148	5,743
Subtotal	12	6,534	3,789	2,499	1,412	356	7	390	14,999
Digital weighing machines, except automatic	383	589	-	6	157	195	-	259	1,589
Other weighing machines, except digital and automatic	272	574	378	24	2,924	1,025	190	2,396	7,783
Parts of weighing machines and scales	823	861	579	645	329	372	2	1,283	4,894
Subtotal	1,478	2,024	957	675	3,410	1,592	197	1,938	14,266
Total	1,490	8,558	4,746	3,174	4,822	1,948	199	4,328	29,265

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table 3.--Scales and weighing machinery: U.S. production, by specified types, 1977-79

(In units)

Item	1977	1978	1979
Scales:			
Industrial:			
Electronic digital counting	2,451	5,437	7,431
Other counting	2,198	2,389	2,765
Other	32,307	31,640	39,961
Subtotal	36,956	39,466	50,157
Retail and commercial:			
Electronic digital deli or service	* * *	12,090	18,315
Other deli or service	* * *	17,432	24,339
Other	5,784	6,816	4,590
Subtotal	24,116	36,338	47,244
Other	31,194	32,242	42,787
Total	92,266	108,046	140,188
Printers:			
For electronic digital counting scales, industrial	* * *	* * *	* * *
For electronic digital deli or service scales, retail	* * *	* * *	* * *
Other	1,798	1,964	2,334
Total	3,632	3,880	5,562

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission by producers of electronic digital deli or service and counting scales.

[redacted]

Tables 4 through 10
(confidential price data)

* * * * * * * *

APPENDIX G

DOMESTIC FIRMS PRODUCING ELECTRONIC DIGITAL SCALES

The following is a list of those firms known to have produced electronic digital deli scales and/or electronic digital counting scales in the United States during 1977-79. The establishments of these firms are also identified, including those producing other types of scales.

Firm and establishment location	Major product lines
Electronic digital deli scales	
Berkel, Inc.: La Porte, Ind.	Electronic digital deli scales
Electronic Scales International: San Gabriel, Calif.	Electronic digital deli and prepackaging scales
Franklin Electric: Whiteville, N.C.	Electronic digital deli and prepackaging scales; mechanical balances
Hobart Corp.: Dayton, Ohio (2); Troy, Ohio	Electronic digital deli scales; mechanical deli scales; certain industrial scales
National Controls, Inc.: Orlando, Fla.; Santa Rosa, Calif.	Electronic digital deli scales; electronic digital counting scales; electronic digital postal scales
Ormond, Inc.: Santa Fe Spr., Calif.	Electronic digital retail and counting scales
Sanitary Scale Co.: Belvidere, Ill.	Electronic digital deli and prepackaging scales; mechanical deli scales
Reliance Electric Co. (Toledo Scale Div.): Westerville, Ohio; Worthington, Ohio; Franksville, Wisc.	Retail scales, including deli, checkstand, and prepackaging; industrial scales, including bench, portable, and vehicle; material handling systems used in conjunction with scales
Electronic digital counting scales	
CCS Systems: Memomonee, Wisc.	Electronic digital counting scales
Electroscale Corp.: Santa Rosa, Calif.	Electronic digital counting scales
General Counting Scales, Inc.: Cape Coral, Fla.	Electronic digital counting scales and mechanical counting scales
K-tron: Scottsdale, Ariz.	Electronic digital counting scales
National Controls, Inc.: See above	See above
Ormond, Inc.: See above	See above
Pennsylvania Scale Co.: Leola, Pa.	Electronic digital counting scales and light-capacity laboratory balances
Reliance Electric Co.: See above	See above
Weigh-Tronix, Inc.: Fairmont, Minn.	Electronic digital industrial scales, including counting, deck, bench, motor truck, and crane

Library Cataloging Data

United States. International Trade Commission.
Weighing machinery and scales from Japan : determination of no material injury or threat thereof in investigation no. 701-TA-7(final) under section 705(b) of the Tariff act of 1930, together with the information obtained in the investigation / USITC. -- Washington : USITC, 1980.

18, A 70 p. : ill. ; 28 cm. -- (USITC publication ; 1063)

"Prepared principally by David Slingerland [and] Andrew Valiunas."

1. Scales (Weighing instruments) 2. Electronic measurements. I. Slingerland, David W II. Valiunas, Andrew. III. Title.